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CREATIVE MEDITERRANEAN | resilience through creativity

Progress Report 2015

DEVELOPMENT OF CLUSTERS IN CULTURAL AND CREATIVE INDUSTRIES IN THE SOUTHERN MEDITERRANEAN

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UNIDO
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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1 PROJECT OVERVIEW

1.1 Year 1 overview

Since inception the project has successfully completed mapping of 144 clusters in the creative and cultural industries in 7 beneficiary countries of the South Mediterranean (Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, and Tunisia) representing the only comprehensive overview of the sector in the region.

136 clusters responded to the call for proposals to benefit from the project's technical assistance. **14 clusters** (two by country) were selected by the National Steering Committees (NSCs). The NSCs included representation from EU, Italian Cooperation, UNIDO, National Governments, Private Sector Institutions etc.).

The project concluded 56 studies, analysis, assessments, including;

14 detailed diagnostic studies including: sectoral and industry market research, supply chain, SWOT, and cluster diamond analysis.

14 detailed strategic options including: demand conditions, purchasing criteria, strategic positioning and benchmarking.

14 creativity and product analysis including creative strengths and weaknesses, strategic actions to develop a creative ecosystem, areas of improvement in design and marketing.

14 action plans including around 20 actions per cluster defined, prioritized, and focused on four activities: product development and design; market access; marketing and branding; skills enhancement.

To date the project is supporting **347 entrepreneurs** directly benefited from the project activities since start of the project, of which **89 are women** representing **26%** of direct beneficiaries.:

There is also a significant participation from youth where **the number of youth entrepreneurs in the 14 clusters reached 126 young men and women**.

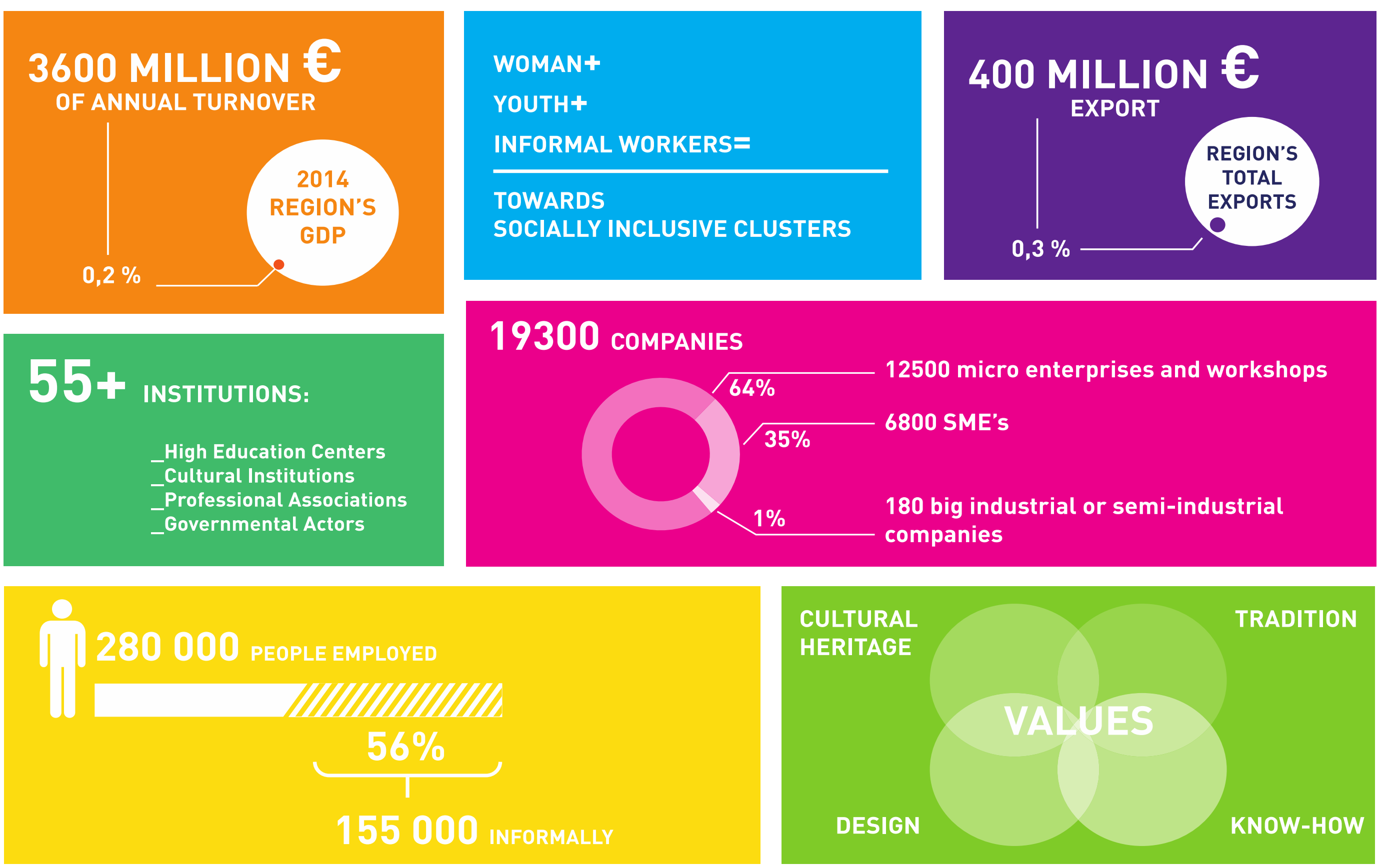
Additionally, **more than 50 institutions engaged** including;

17 Private sector associations, 16 Academic institutions and universities, 9 Financial institutions, 8 Museums and NGOs, and National ministries and other public institutions.

It is also worth mentioning that during 2015, the project conducted **98 Training, workshops and workgroups conducted reinforcing the capacities of 2500 participants.**

Those included; 7 project launching workshops (1 per country) engaging 900 stakeholders, 2 training of trainers for Cluster Development Agents (CDAs), 14 Design workshops involving 520 participants, 3 marketing trainings involving 60 participants, and 55 clusters meetings and workshops with 1000 participants.

Overview of total figures in the 14 clusters: a large untapped potential:



1.2 PROJECT OBJECTIVES

1. Up to 9 pilot cluster initiatives will benefit from capacity-building activities, modernization and expansion,

2. Strengthen support institutions and service providers for cultural and creative industries, and private-public partnerships, in particular for the development of new products or services

3. Create linkages between international markets, local suppliers, financial institutions and other development partners

4. Devise plans for national governments to facilitate the replication of the project's activities

5. Implement a communication and visibility plan for the project highlighting the importance of Cultural and CI's Clusters development and the support provided by the donors' intervention

1.3 WHAT IS A CLUSTER?

Clusters are geographic concentrations of interconnected companies and institutions in a particular field, which encompass an array of linked industries and other entities important to competition.

Clusters are economic realities that grow spontaneously; companies tend to concentrate in certain areas because a competitive advantage exists that permits them to benefit from greater opportunities than companies located in other places. Competitive advantages can be of different kinds: the proximity to a raw material, the existence of a specific skill or know-how, the proximity of customers, etc.

In order for the cluster approach to be effective, 5 criteria for a cluster have to be met

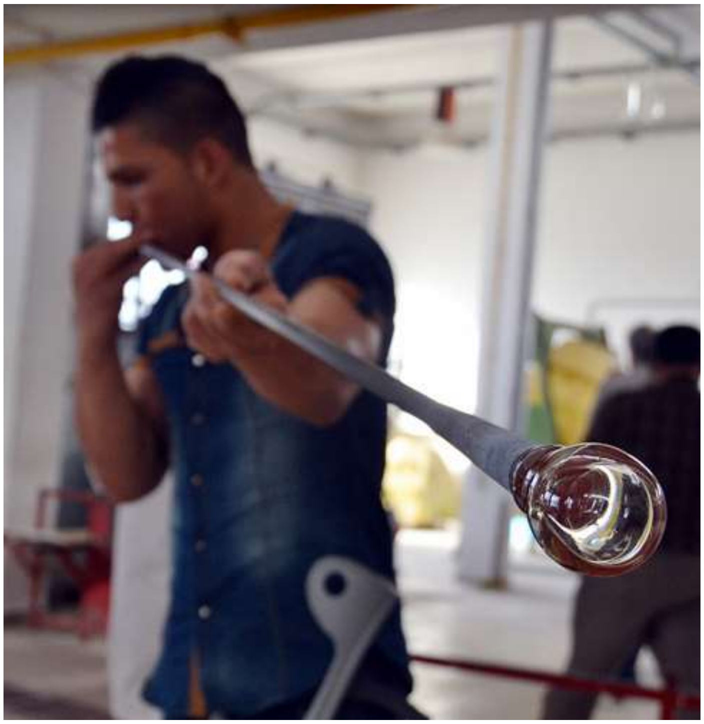
Same business: the companies have to be part of a corresponding business and face the same threats so that they can strategically address common challenges

Critical mass: a sufficient number of companies and agents must exist within the cluster. The dimension can be relative to the area density and include a critical concentration of skills and competences

Value chain coverage: sufficient to support agents such as service companies, suppliers, financial institutions and infrastructure

Geographical concentration: no interaction will occur among companies if the distance is too great

Market: Products and services should serve a market that is not only local but have export potential



1.4 TARGET CLUSTERS

The focus on creative and cultural industries

The definition of CCIs used for this project is the EU definition, which includes the following sectors/segments: advertising, architecture, archives and libraries, artistic crafts, audio-visual (including film, radio, television, video games and multimedia), heritage, design, festivals, music, performing arts, publishing, visual arts, textiles/clothing, ICT and tourism.
These sectors can be classified into four main typologies of business according to the strategic challenges they face:

2

UNIDO Cluster Methodology

Micro, small and medium-sized enterprises generate a large share of the jobs and incomes in many developing countries' private sectors. Many fall short of realizing their full potential. They operate in isolation in uncompetitive production arrangements. They experience difficulty approaching business partners that could bring in the expertise they lack.

UNIDO's modular approach guides the development of cluster initiatives to focus on the specific challenges they face.

Clusters are geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular business field. Gathering into clusters increases a company's productivity and competitiveness in national and international markets.

UNIDO's approach to the development of clusters is based on extensive field experience

I. *Cluster selection*: identifying the clusters to be assisted

II. *Diagnostic study*: performing an action-oriented analysis of the strengths, weaknesses, opportunities and threats of the clusters

III. *Vision building and action planning*: formulating a vision and a corresponding development strategy to be shared by the entire cluster

IV. *Implementation*: managing and coordinating the activities outlined in the action plan, including the establishment of horizontal and vertical networks

V. *Monitoring and evaluation*: namely of the qualitative and quantitative outcomes of the project

2.1 The Mapping

Scope: seven Southern Mediterranean countries (Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia)

- Team: UNIDO HQ project team, UNIDO international and national mapping experts
- Qualitative sources: more than 500 people interviewed with the active participation of support institutions, professional associations, NGOs, companies, EU delegations
- Quantitative sources: desk research and data mining

144 clusters were mapped in 7 countries; Algeria (17), Egypt (47), Jordan (11), Lebanon (14), Morocco (21), Palestine (9), and Tunisia (25).

A List of important economic realities that are not in clusters was also included in the mapping document for each country.

Main sector focus: most clusters are in design-based industries – clothing, shoes, jewelry, furniture, carpets, decoration and crafts

2.2 The Proposals

COMPETITIVE, FAIR AND TRANSPARENT

A competitive call for proposals was launched to ensure a fair and transparent selection process.

Companies, associations and institutions were invited to request technical assistance. The pilot initiative only assists a limited number of clusters.

134 PROPOSALS FROM 7 COUNTRIES

A wide array of CCI sectors are represented, and often a support institution (e.g. chamber of commerce, association of artisans, etc.) played an important role to ensure the participation of the companies forming a cluster

EVALUATION, SELECTION AND VALIDATION

The information in the 134 proposals was evaluated by UNIDO.

- Sixteen equally weighted technical values were applied. UNIDO submitted result to each country's National Steering Committee for deliberation
- Each National Steering Committee short-listed a number of proposals
- Short lists were presented to the Regional Project Approval Committee that validated recommendations

2.3 STRATEGY BASED ANALYSIS

NINE-STEP MODEL

A nine-step strategic analysis was carried out during 2015 to determine the factors influencing each cluster's competitiveness and the options for action plans based on strategic analysis.

1.

The strategic analysis aims at identifying the strategic options that best respond to the market demand while being feasible to the typology and characteristics of the cluster companies.

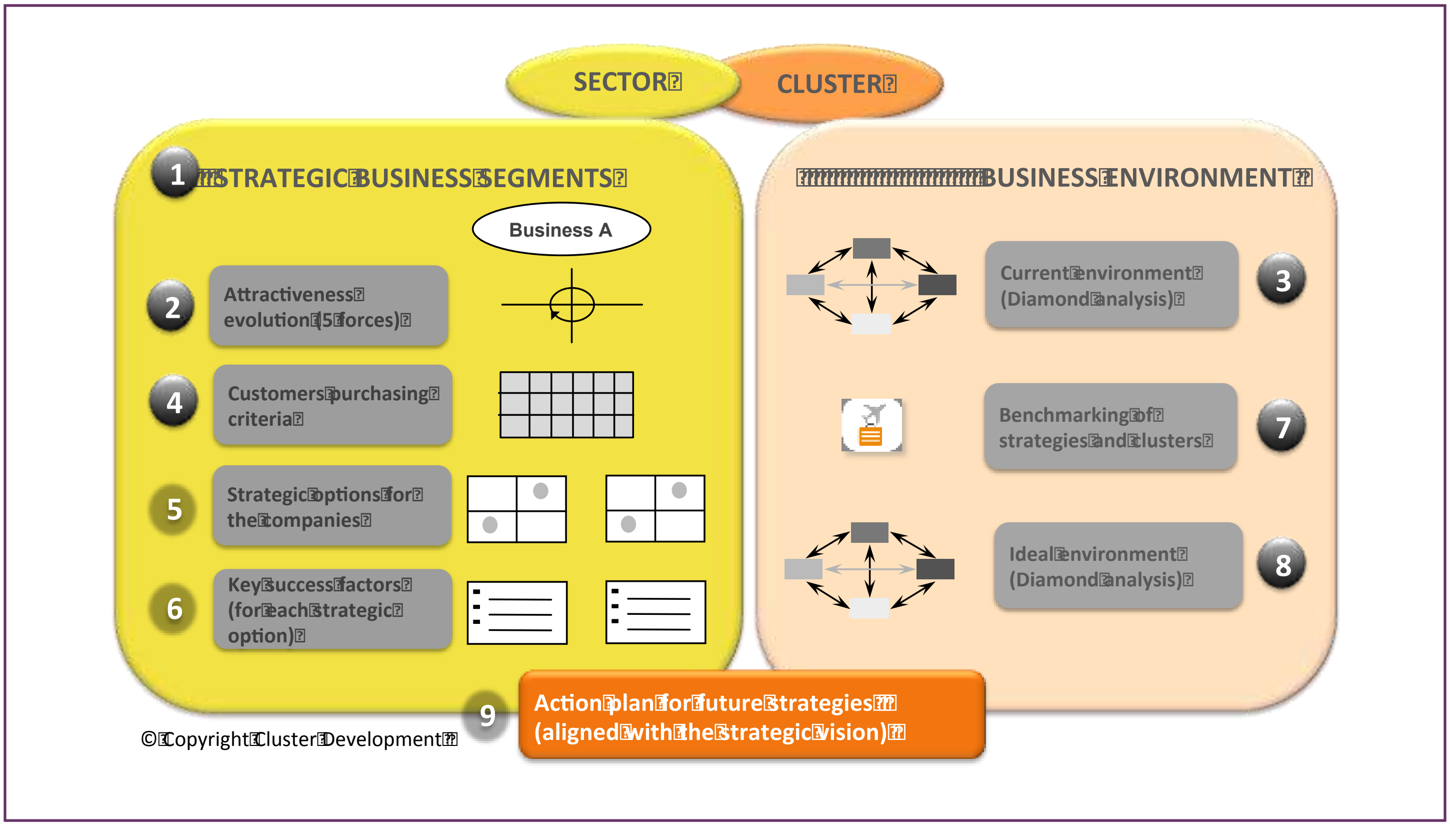
The final objective of the strategic analysis is to permit the companies to position themselves in more attractive business (and/or business models), more sustainable in the long run.

The strategic analysis is composed of several successive steps: from the definition of the business we are competing in, to the requirements asked by the customers, to the key success factors that the companies need to reach to succeed.

Once the strategic options identified, it will be possible to define the necessary actions to transform the vision into practice. Two main kinds of actions will be elaborated:

ACTIONS RELATED TO EACH STRATEGIC OPTION: each strategic option will require putting in place a set of actions to improve both the companies' environment and the companies' capacities.

TRANSVERSAL ACTIONS: some actions will be common to the whole cluster, and will benefit the companies with independence of the strategic options that they need or choose to follow



(1) Strategic business segments

- Places of competition
- Compete in a strategic segment where companies face the same challenges and provide similar markets with similar kinds of products and / or services
- Is not the same as a strategic option

From the outset it is crucial to define the strategic segments where the cluster companies are evolving. They provide the analytical framework for the strategic analysis and the parameters of strategic challenges.

(2) Business attractiveness

Not all segments are equally attractive

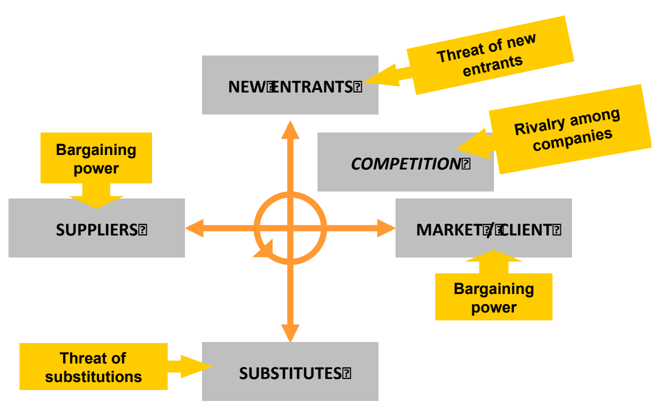
- One business might have higher profit margins than another
- The power of the value chain may be unevenly distributed

Moreover, business might be increasing or decreasing its attractiveness as time goes by.

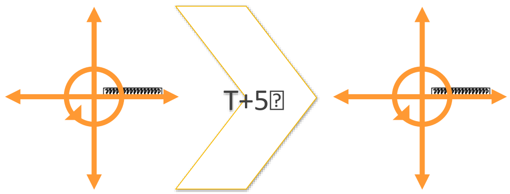
Before investing time, effort and means it is necessary to consider how a business' attractiveness will evolve

Porter's five forces model analysing the attractiveness of a business, provides a framework that answers the key questions

- Is the industry profitable?
- Which companies in the industry are profitable?

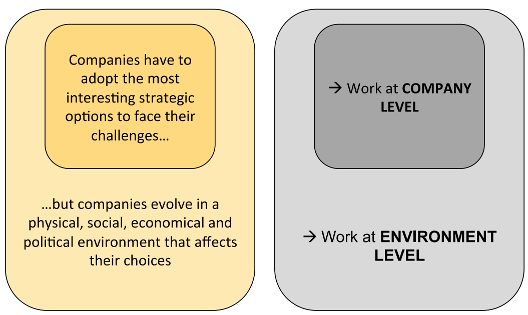


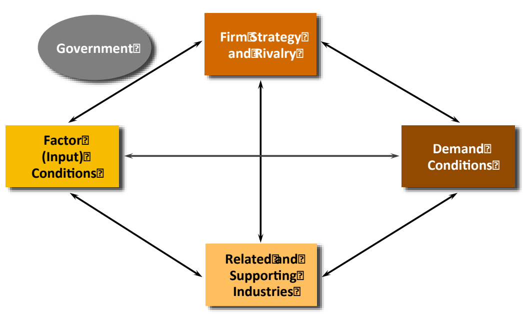
It is essential to check the business attractiveness predicted for the future to be able to anticipate and adopt the most profitable and suitable positioning in order to anticipate the potential decrease or growth of the attractiveness of a specific business.



(3) Current environment

Company profitability depends on the analysis of the cluster environment was conducted using the Porter Diamond tool, which analyses precisely all the key elements





(4) Customers purchasing criteria

Differentiation in the marketplace can be achieved in many ways based on the criteria of buyer /consumer /market. All customers seek best prices. But there are other considerations such as design, delivery time, flexibility, range of products and maintenance.

In general, there may be many ways to differentiate in the market by taking into consideration the various purchasing criteria, which may be different in the same business segments.

A major strategic mistake is incorrect and unrealistic analysis of these criteria. "My product has the most technical quality" where customers may seek price and quick response.

At a cluster level, you should try to motivate the companies to go for the best FEASIBLE options available, and adequate the environment accordingly.

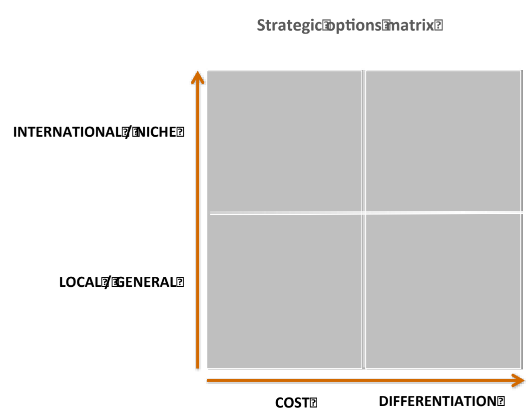
(5) Strategic options for the companies

A strategic option is a decision taken at company level, not at a cluster level. Several options to compete are available and each company has to decide which option matches its capabilities and potential.

Not all the options are equally interesting. Companies need to strive for the most interesting and feasible option.

Therefore it is necessary at a cluster level to motivate companies to go for the best FEASIBLE options and address the marketplace accordingly.

All strategic options are possible and all can be profitable, but some are more profitable than others.



Typical strategic mistakes

- Accepting all options
- Adopting option without the necessary skills
  - Strategy *means choosing*
  - Strategy *means* saying *no* to some products or customers

The same company can compete with more than one strategic option, but different and skills are usually required to be consistent in the company.

(6) Key success factors

Once a strategy is defined, it is necessary to detail the tasks to enact the strategy.

- Each company needs to do this internally and coherently
- The cluster manager will emulate the strategy across the group
- It is essential to go into detail
- It is not enough to say, *we need to deliver quality*. Or, w*e need to reduce price.* Or *we need to deliver on time.*
- Companies must understand precisely what is meant, e.g. *Deliver in less than 24 hours*, Or, *Price under €5.*

The internal company activities have to be conducted transparently In accordance with the strategic vision and its success factors.

It is essential to list the key success factors (KSFs) necessary to fulfill each strategic option.

The KSFs are determined from the company's standpoint. It's not what needs to be done (purchasing criteria), but how the company has to do it (response).

(7) Benchmarking

Benchmarking has two related purposes

- To allow, learn and enrich analysis
- To find good, real examples to show to the companies

It is a flexible tool gathering information about the future of the business, purchasing criteria, strategic options and key success factors to deal with every strategic option.
Any step of the analysis can be enriched with global information and comparisons.
Very often it is focused on the analysis of company challenges

- How other companies solve them
- Considering the best strategic options
- How companies materialize the strategic options

Reference trips might reveal in-depth knowledge.

- At company level
- Strategies for the future
- Meet similar companies that have faced the same challenges, defined a strategy and successfully developed it
- Meet experts and companies to understand the critical strategy success factors and to understand the companies' value chain

At cluster level

- To know institutional support available and their motivation such as universities, and technology centers
- To know organizations and innovation systems and processes that might support the cluster companies' strategies such as technology platforms and specialized capital risk advisors
- To recognize differential environmental elements

At market level

- Advanced purchasing criteria

COMPANY LEVEL (Strategy)	CLUSTER LEVEL (Cluster Initiative)	MARKETS / CLIENTS (Advanced Purchase criteria)
▪ Companies implementing future strategies in our business	▪ Existence of a cluster (relevant concentration) with a good diamond ▪ Existence of a well defined and organized Cluster Initiative (cluster manager, ..)	▪ More sophisticated and advanced futures markets to understand customer buying criteria
▪ Companies that have successfully overcome challenges similar to ours (export, ..)	▪ (Cluster initiative focused on challenges similar to ours	▪ Markets with structures similar to ours (socio-economic, ...)
▪ Companies similar to those of our cluster (size, type products,..)	▪ Initiative cluster with an action plan developed last year (apprenticeships)	▪ Specific clients (individual companies) with advanced criteria
▪ Collaboration between groups of companies	▪ Successful collaborative actions between companies and other actors in the cluster initiative	▪ Channels or more advanced distribution systems (logistics, type agents, online sales, ...)

(8) Ideal environment

The objective is to proceed to a description of the ideal diamond analysis, understanding the ideal environment that a cluster needs to operate within defined strategic options.

The comparison between the real and the ideal diamonds shows the areas of improvement and the potential actions to launch a cluster to suit the KSFs that have been identified in the previous steps of the strategic analysis.

Once again, Porter's Diamond model provides an optimal analytical framework to guide this step

(9) Action plan

The action plan proposes the most suitable actions the cluster agents should take after all the analytical elements are taken into consideration. Two different types of actions might be developed.

The actions can also differ depending on the targets and implicated agents:

Collective actions

- Transversal for the whole cluster: initiatives that shall benefit all companies equally, whether they participate or not. For instance: a new technological center, a new quality standard, a trade agreement, etc.
- Collective action of personal use and benefit: even if they are common and transversal, every participant can get its own benefit. For instance, participation in a training course about company management, export missions, etc.

Collaborations with a limited-number of agents

- Strategic projects joining 2 or 3 companies, consortiums, projects between companies and technological centers…
- Actions lead by the companies (and not the cluster, who can act as a mere facilitator or catalyst).

3 Cluster development phases

Phase 1 Analysis and Diagnosis

A cluster diagnostic study is generally prepared by the Cluster Development Agent and provides the basis for the elaboration of cluster-specific collective action plans. It focuses on an analysis of a cluster's economic system, including features of the production system, institutional and business links, support institutions, and other framework conditions.

The diagnostic study is not an academic exercise, but rather an action-oriented and heavily participatory activity, which aims to provide practical and yet sufficiently accurate information that can be used to formulate and implement cluster development activities.

Phase 2 Vision Building

Starting with a discussion of the diagnostic study, cluster stakeholders form a shared vision for their future cluster performance or the overall cluster development. It will be reviewed periodically and refined over time to take into account changes in the cluster or related framework conditions.

Action planning then relates to the translation of the vision statement into a realistic and achievable development strategy and can be regarded as a roadmap. Action plans are revised periodically and by all cluster stakeholders based on a sound monitoring and evaluation framework. The Cluster Development Agent facilitates this process, but does not engage in direct service provision or resource disbursement to cluster stakeholders.

Phase 3 Action Plans & Execution

Action planning is the enlargement of the vision statement into a realistic and achievable development strategy. An action plan can be understood as a roadmap for the achievement of the vision statement. Implementation refers to the execution of the activities described in the action plan and its management.

The Cluster Development Agent facilitates this process, but does not engage in direct service provision or resource disbursement to cluster stakeholders. Starting with a discussion of the results of the diagnostic study, cluster stakeholders form a shared vision for their future cluster performance or the overall cluster development path. It will be reviewed periodically and, if necessary, refined over time to take into account changes in the cluster or related framework conditions.

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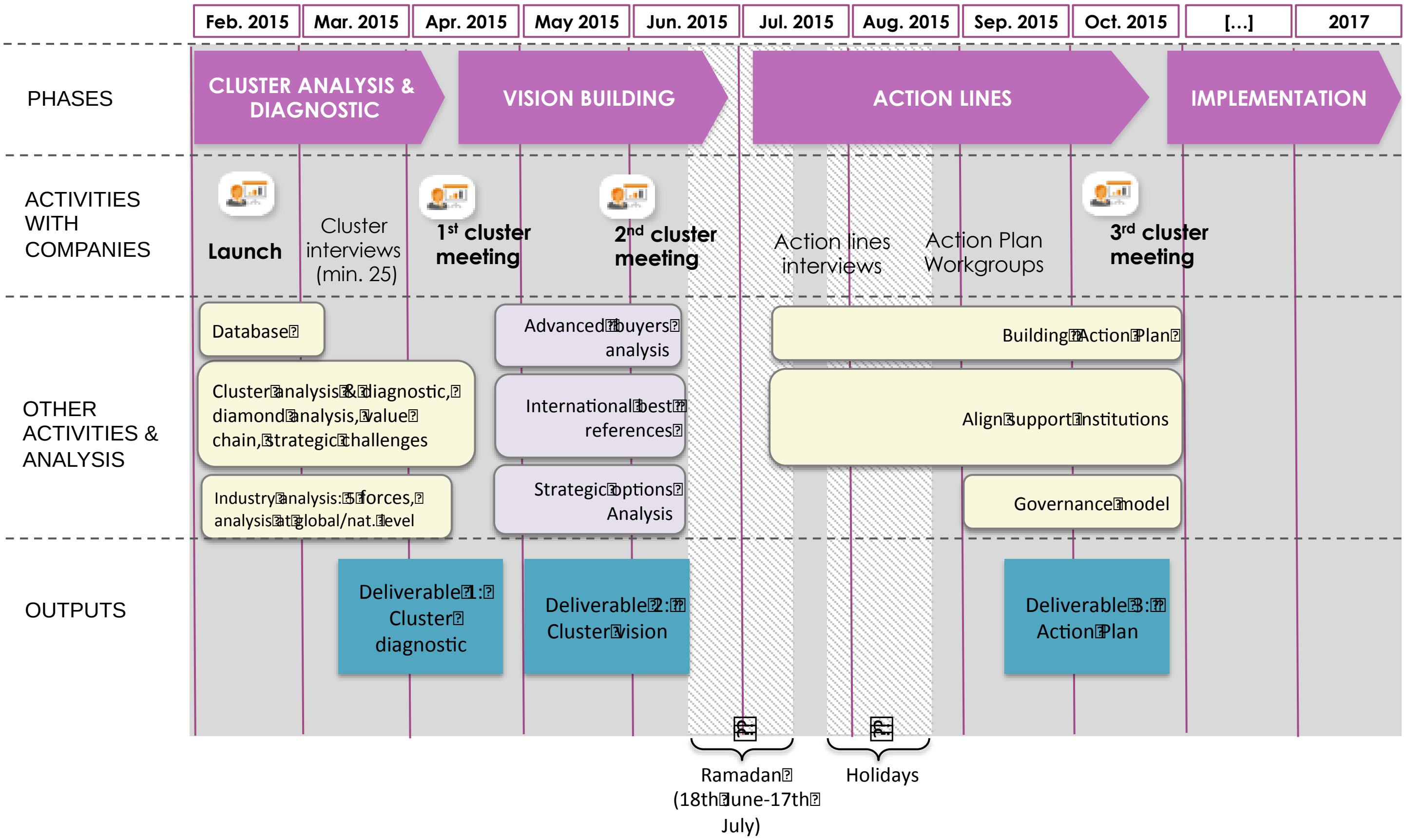
Feb. 2015
Mar. 2015
Apr. 2015
May 2015
Jun. 2015
Jul. 2015
Aug. 2015
Sep. 2015
Oct. 2015
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2017
PHASES
CLUSTER ANALYSIS & DIAGNOSTIC
VISION BUILDING
ACTION LINES
IMPLEMENTATION
ACTIVITIES WITH COMPANIES
Launch
Cluster interviews (min. 25)
1st cluster meeting
2nd cluster meeting
Action lines interviews
Action Plan Workgroups
3rd cluster meeting
OTHER ACTIVITIES & ANALYSIS
Database
Cluster analysis & diagnostic, diamond analysis, value chain, strategic challenges
Industry analysis: 5 forces, analysis at global/nat. level
Advanced buyers analysis
International best references
Strategic options Analysis
Building Action Plan
Align support institutions
Governance model
OUTPUTS
Deliverable 1: Cluster diagnostic
Deliverable 2: Cluster vision
Deliverable 3: Action Plan
Ramadan (18th June-17th July)
Holidays

4 Activities per country

7 Countries 14 Clusters

4.6 PALESTINE
Furniture cluster in Nablus
Traditional handicrafts cluster in Bethlehem

4.5 MOROCCO
Home textile in Casablanca
Interior design cluster in Marrakech

4.2 EGYPT
Habitat Design Cluster
Leather Cluster in Cairo

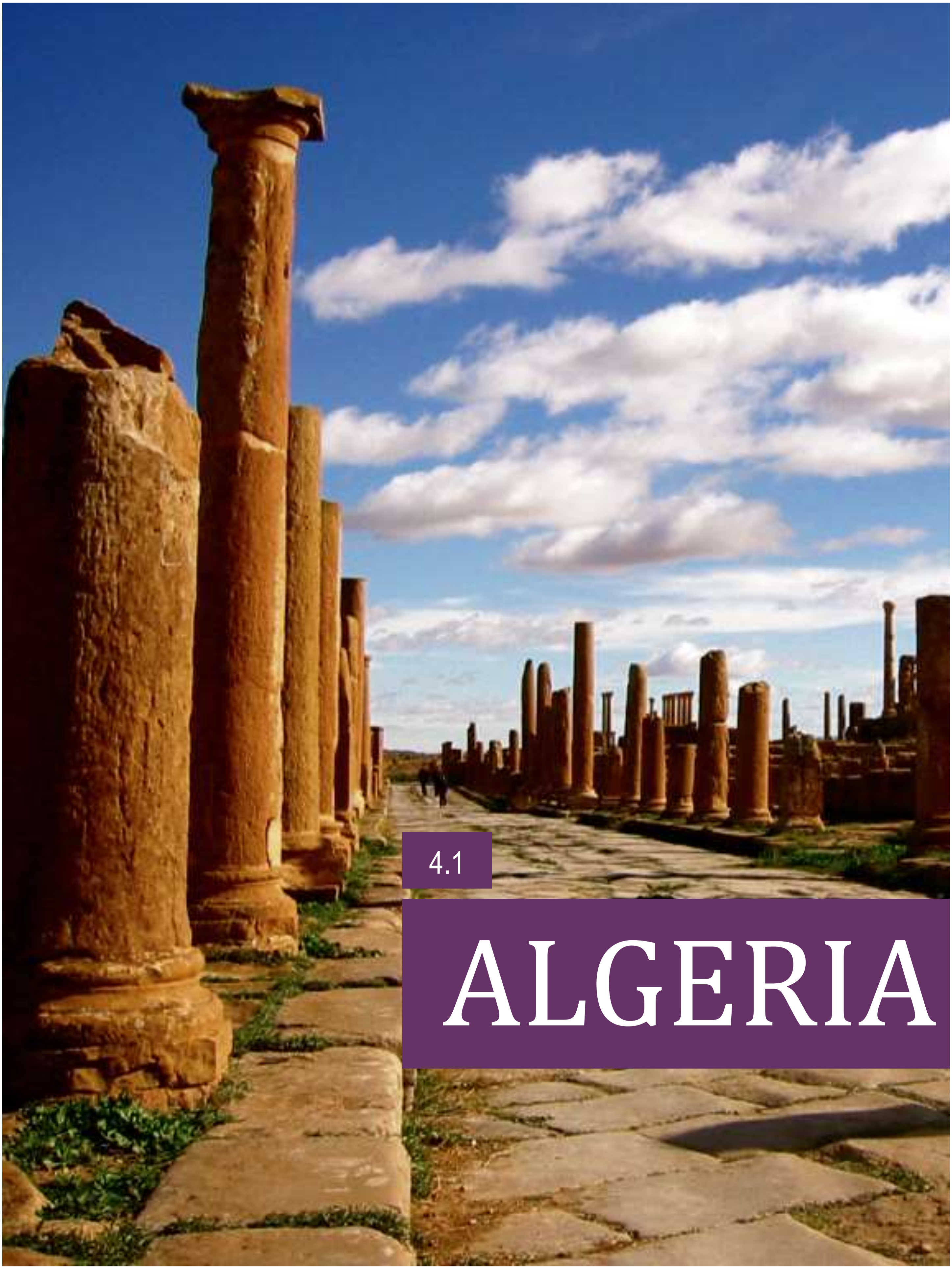
4.4 LEBANON
Jewelry in Bourj Hammoud
Furniture cluster in Tripoli

4.1 ALGERIA
Jewelry Cluster in Batna
Copperware cluster in Constantine

4.3 JORDAN
Fashion cluster in Amman
Ceramics cluster in Amman

4.7 TUNISIA
Ceramics in El Jem
Arts de la table in Nabeul

4.1 ALGERIA



COPPERWARE CLUSTER

CONSTANTINE

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

There are five important copperware centers in Algeria

- Algiers
- Tlemcen
- Biskra
- Ghardaïa
- Constantine (high concentration of coppersmiths, 70 percent of national production comes from Constantine).

Cluster analysis

Origins: Algerian copperware has been produced since the Middle Ages and associates important Ottoman inspirations with Jewish know-how. Both influences add value to copperware design in Constantine.

Design has changed over the years, but it still retains symbolic influence in Constantine.

Market: Copperware products are generally used for home and decoration (80%), but they are used as furniture by enterprises and hotels as well.

Among these products are: decoration products such as lamps, hamman products (containers), kitchen tools (various utensils, and saucepans), and furniture (tables, ornaments for Mosques).

The main markets are weddings and events, interior decoration and furniture.

Cluster size and key figures

More than 130 craftsmen are registered in Constantine's Craft and Jobs Chamber. Almost the same number is unregistered.

Craftsmen turnover is more than USD 2M per year.

Turnover is decreasing even though labor costs are lower. High prices of raw materials are one of the reasons, as well as the attractiveness of imported products.

The cluster's size may be incorrect because of the high level of informal sales.

Typology of clients	Main products	Purchasing criteria
Business to business • **Hotels** • **Restaurants** At a national level	• Lighting fittings • Trays • Home decoration projetcs	• **High quality**: craft • **Design** : o traditional o traditional know how executed in a contemporary way • **Time-to-Market:** Essentialy late orders requiring short delivery time limits • **Adequate packaging** : Important to protect the product against external impacts • **Skills in project development and management** • **Distribution channels**: o Public entity orders : CAM establishes link with public entities to acquire orders for the craftsmen of their area o Private entity orders: orders go directly to the dinandier through word of mouth
B2B • **Mosques** • **Military buildings**	• Minarets • Decoration • Plates • Signage	These are **niche** markets
Wedding stores	• *Hammam* set • Tray set • Coffee service	• **Price** • **Traditional** (no innovation); Also products specific to one region • **Once in a lifetime** purchase • **Quality** attractive design o Quality handwork: especially for small products, customers buy products from India because they are cheaper and more beautiful while the quality is low (not pure copper, melted and often not hammered) • **Packaging** simply must be sufficient enough to protect the products from external impacts
Home decoration stores, gifts (souvenirs) and kitchenware	• Decoration products: lightings, plates, bowls… • Tableware • Kitchenware (usually with the purpose of decorating)	• Attractive **price/quality ratio** • **Distribution channel**: mainly trade intermediaries who buy locally from coppersmiths and distribute through their network *N.B. Tourists buy local products while Algerians also buy imported products* • **Availability** (Bardo stores) • **Delivery delays** • **Innovative design** including local touch • **Limited ranges**
Commercial foodservice	• Professional kitchenware (for pastry and catering)	• Competitive price functionality
Direct individual clients (wealthy)	Customized products tailored to the customer's taste, such as: • Lightings • Trays • Framed mirrors • Copper decorated doors	• Customized product, singular, authentic • High quality: artistic, crafts • Customer service o Maintenance (polishing when the product loses its shine o Repair in case of failure

Cluster diagnosis & SWOT analysis

- The majority of workshops are small, employing 2 – 6 people
- A good sub-contractor chain exists between craftsmen
- Most of the artisans master the different manufacturing processes, but encourage collaborative work
- Working conditions do not meet health and safety standards.
- Workshops are often too small to house more workers

Strengths	Weaknesses
• Exceptional know-how, long tradition • Consumer market for copperware products • Important number of producers • Potential to increase the production (capacities and knowledge) • Will to help the sector and to increase its markets	• Lack of knowledges about official framework • High-price for raw materials • Lack of knowledges and design • Lack of training • Working conditions do not conform to sanitary and security regulation
Opportunities	**Threats**
• Stable local demand • International demand for typical local designs (promotion of local product) • Competitive production and workforce costs • Funding available for rehabilitating workshops	• Available raw materials but constantly increasing prices • Substitutes available (interior design) • Unattractive career for young

Buyers purchasing criteria

Professional market is fundamentally different from customers market (Algerian families, rich individuals). Buyers and purchasing criteria among products and segment.

Strategic options

Feasible strategic options for Constantine Cluster

- Important administration capacities
- Design proper to cluster and creation of a strong identity
- Concept of exclusivity: unique product or very small product runs
- Strong links between craftsmen and historic products
- Strict quality control
- Personalized proposals
- Customer service must be proactive

Areas of improvement

Work environment
- Inform producers and craftsmen of their rights and obligations
- Evaluate and propose solutions regarding workplaces

Training
- Propose actions to improve communication between training center and producers
- Improve training modules to align companies' technical requirements with courses given by training center
- Exchange technologies with other clusters

Marketing strategy
- Develop a marketing strategy to define cluster products
- Develop a design collection based on cultural identity of Constantine

Internationalization
- Analyze target markets with high potential
- Elaborate and implement training to follow international purchasing criteria

PHASE 3 ACTION PLAN AND EXECUTION

Action planning is the operationalization of the vision statement into a realistic and achievable development strategy. An action plan can be regarded as a roadmap for the achievement of the vision statement. The timeframe for the activities is from November 2015 to December 2016.

Support for companies

Work environment

- Copperware workplaces
- Sanitary and security
- Technological adaptation
- Recycling and environment

Design/products development

- Product development
- Constantine portfolio
- Images bank
- Trends monitoring center

Training

- Young professionals' awareness
- Technical training
- Design group for copperware (Beaux-Arts Alger and Constantine)

Marketing and communications

Market access

- Introduction to marketing and communication visual

Brand origin

- Support to implementation of original brand "Copperware of Constantine"

Internationalization

- Creation of a consortium of exports in partnership with international buyers from the United-States

Business–to-business

- Search for professional contacts (Hotels/catering)
- Visibility
- Creation of a website
- Utilization of social networks

Governance

- Creation of a cluster governance structure

JEWELRY CLUSTER

BATNA

PHASE 1 ANALYSIS AND DIAGNOSIS

Cluster size and key figures

More than 1,000 jewelers are registered in the Crafts Chamber of Batna

- Cluster turnover is estimated to be more than US$ 60 million and is highly profitable
- The cluster is the most important employer in the region providing more than 3,000 jobs. Craftsmen and young professionals mostly work in the industry, which remains attractive for job seekers
- Workshops are mainly small with 2 – 6 workers, though there are also workshops that employ more than 15 people
- Some craftsmen work in partnership with several other workshops
- Most workshops produce modern and traditional jewelery using traditional skills and modern technology for mass production

Strengths

- Exceptional craftsmen know-how, long tradition
- Appropriate modern technologies in workshops
- High number of producers
- Potential to increase production
- Dynamic and young field
- Inoovative and open minded

Weaknesses

- Insufficient quality control
- Lack of knowledge of the legal framework
- Lack of refining capacities
- Lack of design appropriate for region
- Lack of prototyping capacities
- Lack of training capacity
- Few collections
- No marketing (brand, packaging)
- Sanitary and security regulation

Opportunities

- Stable local demand
- International demand for typical design (promotion of local design)
- Production and other costs are competitive
- Available funds (workshop creations and leveling)

Threats

- Supply difficulties for quality raw materials
- Significant competition (internal and external)
- Substitute products (costume jewelry)
- Tedious procedures (quality control, transportation)

Areas of improvement

- Access to quality raw materials / quality control / legal framework
- Improvement and adaptation of training programs (continuing professional education and continuing education)
- Support for technological adaptation (e.g. 3D printers)
- Several strategic approaches were identified
- Distinguish jewels from Batna with quality improvement and proper design from the Aures region
- Create and use proper brands to improve products positioning
- Improve training: leveling of continuing professional education and increase of trainers and craftsmen capacities
- Improve access to better raw materials

Support for enterprises

- Access to a quality raw material
- Quality control
- Design hubs
- Image bank
- Design in the enterprises
- Monitoring center of the trends
- Awareness and information about legal framework
- Design/ products development

Training

- Partnership with an international jewelry school
- Technical training for jewelers
- Jewelry design specialization (Beaux-Arts)

Communication and marketing

- Introduction to marketing and visual communication for jewelers

Technological adaptation

- Introduction of new technologies

Market access

- Brand development and distribution
- Support for brand and distribution development

Business-to-business

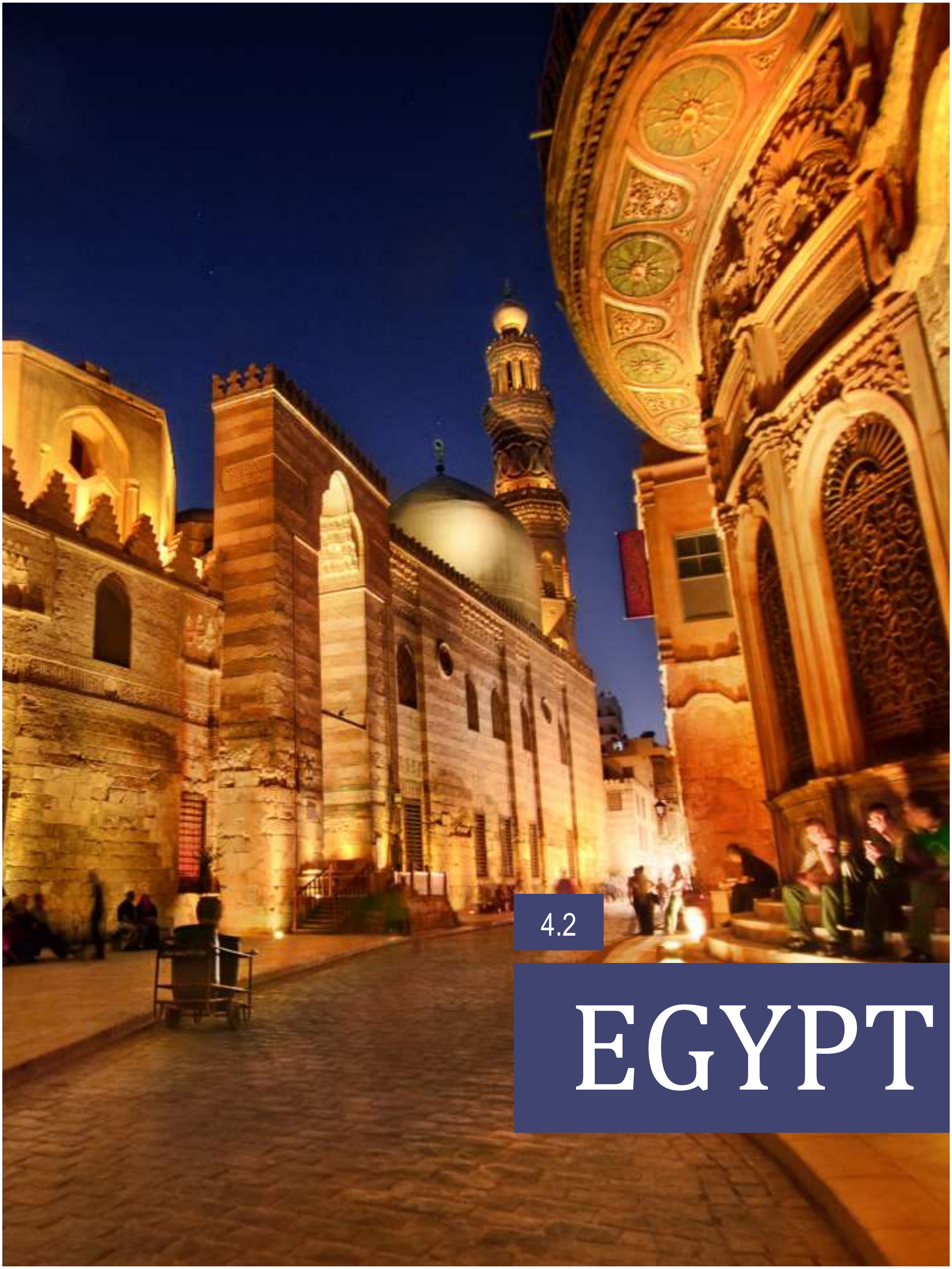
- Search for professional contacts (national and regional)

Governance

- Creation of a cluster governance structure

Visibility

- Creation of a web site for the cluster
- Utilization of social media
- Jewelry show: conception and organization of a Batna jewelry show



4.2 EGYPT

LEATHER CLUSTER

CAIRO

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

According to the Chamber of Leather, around 17,600 enterprises are active in the sector, and 90 percent of them are either small or medium-sized factories or workshops. The percentage of informal companies within the sector is very high.

- Many local companies have closed in the past 4 years due to poor economic conditions
- The industry faces many challenges. The most pressing is product being dumped in the market. The second is price: the domestic and international markets are demanding high quality at low prices

Cluster analysis

- About 75 percent of the leather sector is located in Cairo The Leather Cluster reflects the situation in the industry

- In Greater Cairo, mainly outside the city, the leather sector comprises
  - Large industrial companies
  - Semi-industrial companies and workshops combining manual and mechanical processes
  - Small craft-oriented workshops, primarily based on manual work produced with basic equipment
- In Bab el Shareya (one the main districts in Cairo) there is a relevant concentration of workshops and an auxiliary industry supplying shoemaker's lasts (molds) and accessories
- In Magralayoun, Cairo hosts a high concentration of tanneries and workshops. Many tanneries provide the raw material for leather goods manufacturers as well as workshops and other companies

Cluster diagnosis & SWOT analysis

One of the main competitive advantage factors of the industry is the quality of Egyptian leather due to the wealth of cowhides, sheep and goatskins, which are characterized by high quality fibrous structures.

- There are four main segments in the leather manufacturing cluster
  - Footwear
  - Clothing and fashion accessories
  - Home products
  - Products for businesses

Egypt has abundant livestock, reaching about 19 million heads in 2012.

- Some 35 tanneries export crust and finished leather. They act as global subcontractors and have a production capacity of almost 600 / 650 hides per day
- Big tanneries control high quality raw leather
- The remaining tanneries are medium to small sized with quality leather offered at uncompetitive prices

Strengths

- High quality raw material (type and thickness).
- Well equipped big tanneries that compete in the global market
- Availability of a large number of livestock, and moderate weather to breed animals and provide hides and skins
- Wide range of leather products manufactured by local producers
- Competitive in the manufacture of certain leather goods: men's footwear (international standards)
- Some examples of successful forward vertical integration (tanneries to leather goods manufacturers, and manufacturers to distributors)
- Existence of many support entities in the leather sector (training, export, design, testing, standardization)

Weaknesses

- The highest quality leather is not used locally. Rather exported from local tanneries to foreign tanneries.
- Many informal workshops
- Old machinery and equipment and low productivity.
- Unavailability of skilled labor
- Basic copied designs and weak product finishing.
- Unable to access foreign markets and difficulties to sell in the local market
- Lack of marketing actions (branding, pricing)

Opportunities

- Underused production capacity (around 20%) thus high potential to produce large volumes
- Products very linked to "special occasions"
- Potential of a big local market and niche markets
- Regulation (list of indicative prices for imported leather goods and shoes and ban on wet blue exports)
- Complete value chain (raw materials, suppliers, producers, sellers, designers)
- Cut exports subsidy on crust leather (opportunity to transform it in Egypt)
- Industrial specialized zone to relocate tanneries (Robeiky)
- Beneficial trade agreements

Threats

- Chinese leather goods imports being dumped in the local market.
- Foreign markets increasingly demanding quality goods
- Leather goods producers have reduced their margins (in favor of tanneries and distributors).
- Product substitutes such as synthetic leather, which is cheaper to produce artificial leather products.
- High cost of imported components versus low cost imported final product threatens local components industry
- Total cost of importing components and accessories vary from one shipment to another
- Difficulty to keep up with changes in fashion and new designs

PHASE 2 VISION BUILDING

Buyers purchasing criteria

Buyers interviewed included retailers, bazars, channel brands, malls, direct sales, agents, and tanneries. The following reflects the buyers' criteria in each strategic business category:

Reasonably priced footwear	Clothing and fashion accessories	Home leather products	Professional leather products
• Genuine leather • Variety of designs and colors, especially for women • Flexibility, custom, production and design • Brand / own brand • Fast delivery • Reasonable payment terms	• Finishing quality • Genuine leather • Brand • Variety of designs and colors, especially for women • Innovated products aligned with trends • Exclusivity and deign uniqueness	• Range of products and variety of designs • Appealing design and product innovation • Customized design production and design • Brand / own brand • Product quality • Brand	• Range of products and variety of designs • Appealing design and product innovation • Customized design production and design • Brand / own brand • Product quality • Brand

Strategic options

The feasible strategic options for the member companies in the leather cluster in Cairo include the following:

1. Local cost leader

- Not feasible in the short term for Egypt's manufacturers
- The Egyptian market suffers from imported products being dumped in the market such as imported shoes (114 million pairs in 2013.)
- Chinese manufacturers exporting their products to Egypt at very low prices adopt this strategic option

2. Unbranded or unknown brand products

- The strategic option currently followed by the majority of companies and workshops in Cairo.
- This option is not based on differentiation factors. This puts companies in a difficult position to compete and grow
- The proximity to the final customer has much relevance, but also entails a clear impediment to growth and a huge challenge confronting new competitor entrants

3. International subcontractor

- Only accessible to a very limited number of companies, mainly the bigger and more sophisticated manufacturers
- They are able to fulfil big orders under international quality and environmental standards

4. Local subcontractor

- Companies following this strategy have to develop many additional capabilities, especially to serve buyers with a well-known brand or channel brands / retailers.
- The major issues are flexibility and adaptability to the buyers' needs for product design and quality.
- The most feasible strategies for leather manufacturers are those based on a known brand (local, regional or channel brand)
- The differentiation factor relates to high quality, product and design
- These strategies address mass-market brands or exclusive segments (niche markets) that appreciate new and different designs, top brands, fashionable and trendy products.

Areas of improvement

- Manufacturers need their own product designs / collections
- Product style/re-style
- Develop brand Identity
- Support company formalization
- Foster collaboration on product development and networking
- Waste management as a competitive factor
- Develop the local market (brand, designs etc.) and distribution channels for all categories of products
- Regain market in Middle East (Gulf countries) and new markets for footwear, clothing and leather fashion accessories
- Target value-added niche markets (clothing, fashion accessories and business markets
- Develop home decoration market
- Participate in local and regional leather exhibition and export missions
- Local supplier competitiveness: better quality and innovation (accessories, soles, forms / molds, glue and adhesives)
- Link leather manufacturers with existing support institutions
- Sourcing high quality raw leather from local market
- Use of Egyptian quality leather
- Automate skinning process in slaughterhouses
- Training workers (design, quality and finishing)
- R+D connections (product innovation)
- Investment in machinery and equipment
- Access to finance

PHASE 3 ACTION PLAN AND EXECUTION

An action plan can be regarded as a roadmap for the achievement of the vision statement. It puts the vision statement into a realistic and achievable development strategy. Timeframe for the activities is from November 2015 to December 2016.

- Technical training offered to young workers and workshops to improve skills and attract more labor
- Organize training on design management awareness and basic design understanding for companies' managers and / or workers
- Tanneries: Training on new techniques and formulas to produce high quality tanned leather
- Pricing courses for companies and workshops
- Marketing courses for leather goods producers, including using social media
- Integrate design, organize design workshops and develop new collections
- Set up a program to finance investments in new machinery and prototyping
- Support product brand creation and development
- Facilitate the access of leather products to Russia
- Arrange and participate in seasonal exclusive events to present collections to local retailers and customers
- Connect with and facilitate sales agreements with local retailers (shops and malls)
- Create a formal entity for the cluster
- Create a website for the cluster with internal use for a database and external use for visibility
- Create a common brand for the cluster to highlight new leather e.g. *Egyptian Genuine Leather* or *Egyptian Creative Leather*

DESIGNERS CLUSTER

CAIRO

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

Designers play an essential role in the big or small industrial furniture and home textile sectors. They either provide the design service to the manufacturers or develop home products from a simple idea to overseeing the production until they are sold at their personal risk.

In recent years, new young home product designers have tried to consolidate their businesses and the sector in Cairo.

Habitat Designers is a young Egyptian company comprising hundreds of self-employed designers, or working in very small teams, producing goods that reflect local preferences and traditions.

Cluster analysis

After conducting the interviews and examining reports and available information related to the cluster, the following data were concluded:

- 101 Cairo designers identified
- Cluster's turnover: about EGP 55M
- 180 – 220 jobs created

This cluster is defined from the demand – not from products as is more common).

Designers belonging to the cluster are targeting the same type of customer, the owner or user of a home.

Designers are offering a wide range of products known as "habitat" products to the same customer base.

Habitat products

- Home textiles and carpets: curtains cushion covers, sofa covers, tablecloths, kitchen aprons, bed covers, rugs and carpets (including *killim* and *khayameya,* both associated with Egypt's culture and heritage)
- Home furniture: chairs, tables, sofas, closets, stools, shelves, nightstands and mirrors
- Lighting: all types of lamps: lamps units, ceiling lamps, table lamps, floor lamps, decorative lanterns and other decorative lighting
- Tableware: kitchen and art table accessories, glasses, plates and cups, coasters, napkins and rings
- Decorative objects: frames, wood boxes, paintings, leather and basketry decorative products.

Cluster diagnosis & SWOT analysis

- Different analysis tools were utilized to assess the current situation of the cluster, which included SWOT analysis, five forces, and diamond analysis. Based on these analysis tools the following conclusions were reached

Strengths

- Many talented young designers
- Use of quality raw materials (e.g. cotton for home textiles)
- Large and diverse offer of habitat products
- Successful designers are market oriented
- Designers are playing a major role and launching new collections

Weaknesses

- Workshops have low flexibility and availability to work with designers
- The cost of producing a prototype is very expensive for a young designer
- Lack of some equipment and machinery e.g. printing machines, 3D design tools, digital technology
- Lack of qualified labor (in workshops: e.g. carpenters, electricians, experts in printing machines, for home textiles, dyeing or packaging)
- Lack of exposure of designers' creation (not attending enough exhibitions)

Opportunities

- Niche markets: exclusive products (for high class consumers)
- Online sales channels: Use of Online platforms and social media tools
- Up cycled and recycled materials as a sustainable design trend
- Existence of support institutions and actions: can be promising to connect designers and companies, improve designs, sales and exports
- Trend of using heritage in new designs: re-introduction of many traditional materials and ornaments in modern designs

Threats

- Raw material prices continue to rise (low margin for designers and makers)
- Designers are not involved full time in the activity (risk of abandoning of the profession)
- No clear visibility of habitat products made in Egypt (other countries products are linked to the origin with the label “made in” such as Morocco)
- Main competitors: products from Morocco, Tunisia, Turkey or Lebanon, and China.
- Some products risk being overpriced (if there are many intermediaries) and risk of a costly product with a non-competitive price in the

Purchasing criteria of local buyers

- Simple but creative design
- Functionality is an essential requirement for customers
- Exclusive / uniqueness of the piece
- Value-added benefits: lasting design, redesign, customized products
- Colorful designs are more appealing to the customer
- Traces of heritage but adapted to contemporary design trends

Purchasing criteria of international buyers

- Handmade products have a very positive impact in specialized retail
- Packaging is relevant
- Frequent new products and collections
- A wide range of different products
- The designer brand is relevant but visibility is required in the retail space occupied particularly a brand's shop
- Products that are sold easily are restocked. Slow sellers are replaced.
- Many traditional specialized retailers have started selling products Online

Strategic options for cluster companies

- Options include
- Exclusive designs
- Outsourcing
- Mass market production at low cost
- Mass market branding
- Continuous product innovation
- The success factors for each option were presented to the cluster members for them to choose the most suitable option according to their business needs and capabilities.

Design diagnosis

Pure designers

Develop their professional activities based on the typical relationship between designer and client. The majority of designers have some international experience either through studies or work. Those designers develop furniture and home decorative items for their interior design and architecture projects. Very few designers have experience with private manufacturers.

Designers/ makers

Some designers have developed to have their own workshops and produce collections with the support of organizations such as the Furniture Producers Association and IMC. The results are asymmetric.

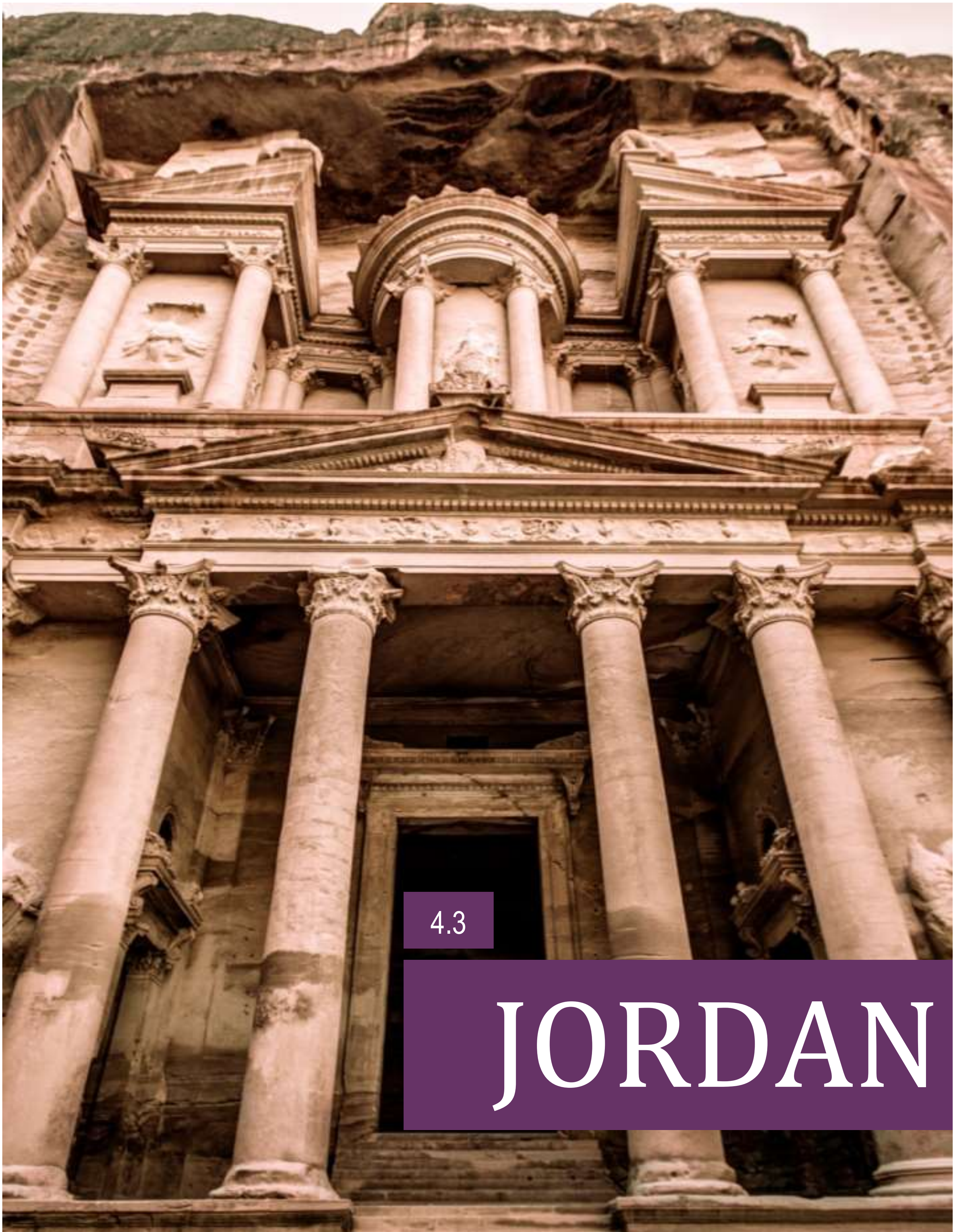
Areas of improvement

- Create a database and web portal for Egyptian designers
- Organize a series of cluster activities (lectures, exhibitions, training, workshops) to attract a new generation of designers
- Establish strong relationships with local universities with design curricula to create an internship program and offer communal training
- Create a network of organizations and NGOS to promote using design tools to assist development
- Promote and upgrade the production of the designers / makers to establish new business models
- The Cairo Creative Hub could be a platform that offers services and spaces to designers to share knowledge, culture and creativity
- It would include physical spaces such as co-working areas and laboratories, for incubation, mentoring and lectures, conferences, exhibitions and special events.
- It would be a suitable place for entrepreneurs who are starting or developing business in the creative industry.
- It would offer creative enterprises and entrepreneurs support to help them to develop entrepreneurship and encourage and promote sales activities in markets abroad.

PHASE 3 ACTION PLAN AND EXECUTION

An action plan can be regarded as a roadmap for the achievement of the vision statement. It puts the vision statement into a realistic and achievable development strategy. Timeframe for the activities is from November 2015 to December 2016.

- Technical training program for designers
- Specific training to manage social development projects (training in action)
- Business and marketing training
- Create a design hub
- Promote special finance to designers and workshops
- Target new clients
- Encourage and support designers and concept stores to participate in events to target expats and young people
- Market expansion: Support designers concept stores to participate in events outside Cairo e.g. Alexandria, Sharm El Sheikh and Hurghada
- Designers support for Cairo Leather Cluster and other clusters e.g. furniture
- Create network of NGO and entities to promote the use of design services
- Create a designers website with a database for internal use and external visibility



4.3 JORDAN

FASHION AND TEXTILE CLUSTER

AMMAN

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

The global apparel market was valued at US$1.7 trillion (2012) and employs some 75 million people. Total global apparel exports are worth about US$ 412 billion (2011) and global textile exports US$ 294 billion.

Clothing and textiles is one of the most globalized industries with the chain of production, wholesale and retail spanning dozens of stakeholders and many continents.

Much of this growth comes from developing markets: emerging countries in Asia and South America account for about 30 percent of global revenues for women's apparel; in the coming 20 years growing to more than 50 percent.

Asian customers will play the strongest role: they are entering the middle classes, regarding clothes as an expression of their new lifestyles and increasingly travelling and shopping abroad.

By 2020, foreign spending abroad of Asian-Pacific residents will triple, to US$600 billion. In the luxury goods segment, Chinese customers will account for 75 percent of all sales– more than spent outside China.

Production plays a major role in many emerging economies e.g. in Bangladesh accounting for 20 percent of GDP, 80 percent of total exports and over 4 million direct jobs.

Some smaller entrants are offering products globally Online and Offline. Some segments will experience double-digit growth such as *affordable luxury* (between the mass and luxury segments, offering high quality at significantly lower prices compared to luxury items) and *fast fashion*.

The low-price value segment is growing at around 8 percent as customers gain self-confidence and are demanding local brands.

Traditionally wholesale and retail acted as gatekeepers between apparel manufacturers and consumers. However, the growing margin demands of increasingly dominant retail chains, and the need for more control over customer relationships, drives many fashion brands to bypass established retail partners and develop direct-to-consumer channels through vertical integration

- Boosting revenue and profitability
- Gaining better insights into customer needs and behaviors, allowing companies to respond quickly and effectively to trends

Moving forward, companies will need to identify other sources of sustainable value creation.

Cluster analysis

Historically Jordan's apparel sector was based on a custom-made market: retailers provided fabrics. Clothes were made in households or tailor's shops.

During the 1950s due to the growing population and urban lifestyle retail shops for finished clothes started to spread in the main market in downtown Amman, along with other main cities. They continue to grow. Now more than 7,000 establishments operate in the clothing and fabrics retail sector in Jordan employing est. 21,000 workers.

The manufacturing sector, started with small tailors' shops, with very few medium-sized factories established until greater industrial development began in the mid 1990's and after the Qualified Industrial Zones (QIZ) Agreement was signed with the United States. The agreement grants Jordanian products direct access to the American market free of customs duties and tariffs providing goods are produced in certain industrial areas and follow specific rules of origin.

Traditionally wholesale and retail acted as gatekeepers between apparel manufacturers and consumers. However, the growing margin demands of increasingly dominant retail chains, and the need for more control over customer relationships, drives many fashion brands to bypass established retail partners and develop direct-to-consumer channels through vertical integration

- *Boosting revenue and profitability*
- *Gaining better insights into customer needs and behaviors, allowing companies to respond quickly and effectively to trends*

Moving forward, companies will need to identify other sources of sustainable value creation.

The QIZ attracted millions of local and foreign investments marking the birth of the modern textile industry in Jordan and was modified in 2001 to allow for the spread of textile factories outside the qualified zones.

The USA is the main destination for Jordanian textiles, while China, Turkey, Taiwan, India, USA and Syria (not recently) are the main countries for imported finished clothes.

Jordanian textile exports have grown to about US$ 1.3 billion in 2014, more than 90 percent directed to the US. This has put textiles top of Jordan's exports surpassing commodities traditionally considered to be the country's main exports, such as pharmaceuticals, fertilizers, potash and phosphate.

Today, there are around 80 medium to large-sized garment factories operating in Jordan, most of them located in the QIZ,

They operate as subcontractors to the US market employing 49,000 workers about 70% of them non-Jordanian.

Aside from these factories, a couple of thousand micro and small workshops are registered under the garment and textile sector, from which 1.463 entities are registered in Amman. In addition, 18 enterprises are registered as textile and fashion designers, and about 5.850 enterprises operate in the same field in Amman (tailors, workshops, traders, retailers).

International brands operating in Jordan (subcontracting) include GAP, J.C. Penny, Levis, Liz Claiborne, Calvin Klein, Tommy Hilfiger, Wal-Mart, K-mart, Limited, Sears, Colombia, New York Laundry and Victoria's Secret.

The cluster is defined from the demand (and not from the products as it is more common) that means designers belonging to the cluster are targeting the same type of customer, the owner or user of a home. These designers are offering a wide range of products to the same customer, known as "habitat" products.

Cluster diagnosis

The huge pool of companies in the industry is differentiated by type

Subcontractors

Some 80 big factories (av. 500 – 2,000 employees per factory) often based in the Industrial zones in foreign-owned factories. They mainly serve the US market, but could service other international brands.

The companies are purely exporters with an advanced capacity for exports.

They produce in large volumes (>100,000 pieces per month). Some of them have internal design capacities.

These companies benefit from their knowledge of market accessibility for finished products. The trade agreements give them a major price advantage over competitors. Also the agreements provide opportunities for industrial commutation and hence, lower inputs costs. They benefit as well from good logistic channels and export regulations.

Local producers and retailers

About 5 – 20 medium-sized companies (30 to 200 employees per company). Some subcontract for local or foreign brands, others have developed their own brands.

They have a small production capacity (5,000 – 30,000 pieces per month). Most have evolved into retailing and have created and manage a network of outlets.

Most of the sales are in Jordan, with some exports and sales to Palestine and the Gulf.

The core competence of these companies is growing investment and experience making possible a solid industry with knowledge, expertise and skills for further development, allowing some companies producing their own lines to develop a network of retail outlets

The growing critical mass of companies encouraged other competencies

The Garment Design Center a training center with mainly Italian foreign teachers gives design and manufacturing training

Growing design and other value added services

All companies' design has become more sophisticated, transversally.

Subcontractors

While some years ago design was provided by clients, more and more manufacturers are asked to provide ideas, patterns, new garments and inspiration. This request means that some subcontractor companies are producing design as well.

Individual designers

Some designers working alone sell to order. They have a low production capacity and their sales are opportunistic (either in Jordan or abroad). Some subcontract manufacturing, while some others own small workshops.

Individual designers do have relationships with the companies whose designs are either fulfilled internally or by clients.

Individual designers' products are mainly focused on women's fashion. Islamic wear is a fast growing segment of women's fashion, providing modernized, more contemporary outfits than traditional Islamic clothes.

Local brands have in-house designers and need market information. Feedback from retail outlets is essential to understanding changing demand.

The cluster's production encompasses a wide range of knitted and woven products including tops, bottoms, suits, jackets, and lingerie and tricot man-made fiber for male and female fashion.

Raw materials, machines and other production inputs are imported, mostly from Turkey and East Asia (for raw materials) and Japan and EU for machines rather than from local suppliers

Strengths

- Long experience in production
- Strong experience in retail
- Design competencies
- Attention from public institutions and other support entities

Weaknesses

- Lack of skilled labor
- High production costs
- High cost of energy
- High presence of foreign capital

Opportunities

- Increasing demand of some segments (Islamic wear)
- Trade agreements that provide competitive advantages for raw materials and exports of finished products

Threats

- Increasing competition from abroad (for all segments: brands and low cost)
- Lack of support from public entities (with the exception of the subcontractors)

Key findings

- Price/quality competition from international markets is expected to grow more in the near future
- Demand is becoming more sophisticated
- Added value elements are the key factors to success, growth and increased competitiveness
- Added value elements include: design, branding, retail development and niche products
- Other activities include: cluster development, marketing, production technical training

Purchasing criteria of International buyers

Final customers

- Demand for complete collections
- Creation of "universes" (clear styles representing the user's lifestyle), consolidation of "reference brands"
- Other values such as environmental respect, social values – as long as they are not overpriced
- Quick fashion: monthly changes on the shelf
- New store formats and Online shopping ("easy" shopping experience, convergence of channels)
- Presence Online and in social networks. have also started to sell products Online

Distribution channels

- Vertical integration: sell through own stores in order to control the whole purchasing experience and retain a larger percentage of revenue
- Growing importance of digital and Online. Online shows the biggest growth of all channels: particularly the online specialized channels (e.g. PRIVALIA) and the brand-channels (e.g. ManGO and Zara)

Manufacturing companies

- Brands: development of own brands, design of own products
- Coverage of a whole collection (shift towards "integral" companies and not "specialized" companies)
- Necessity to expand markets
- Reduction of production costs. Delocalization of final products towards low cost manufacturing countries, focusing on quality and finishing

Providers

- Tendency towards short series
- Preference towards proximate / local suppliers to ease relationships and diminish logistic times.
- Increment of the price of raw materials
- Demand for complete / final product

Strategic options for cluster companies

Strategic options for the members of the fashion and textile cluster

- Operators with own brands: develop and control retail space, branding development, build alliances for complete fashion, penetrate new markets
- Operators with no brands: build a brand, focus on added value elements; seek long-term partnerships with suppliers/clients
- Industry: integrate design, enhance purchasing system, technical training (productivity, quality)

Areas of improvement

- Design integration
- Service providers: decrease raw material cost, increase production efficiency, technical assistance, added value services
- Retail and new markets: branding and brand management, retail development, and penetrating new markets.
- Transversal actions: technical training, trend and design research and follow up, develop natural dyes, support promotion and communication

Phase 3 Action Plan and Execution

An action plan can be regarded as a roadmap for the achievement of the vision statement. It puts the vision statement into a realistic and achievable development strategy. Timeframe for the activities is from November 2015 to December 2016.

- Develop new fashion collection
- Set up a technical training program for factories
- Conduct export coaching program
- Explore green labeling options
- Develop an E-directory for the local industry
- Brand management training
- Develop joint purchase system

4.3 LEBANON

JEWELRY CLUSTER

BOURJ HAMMOUD

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry Analysis

After 2009 and the crisis that affected the global economy, the jewelry sector has been growing again and fast with growth > 10 percent in 2010. The estimates for the growth of the coming years are also positive: >20 percent growth for the period of 2014-2017

The gold jewels consumption / country shows that China became the most important market after the USA and India.

Several structural trends affect the jewelry sector globally:

- Internationalization of brands and industry consolidation
- Polarization and hybrid consumption
- Digital revolution
- Fashion ability and acceleration
- Distribution: reconfiguration of the channel landscape
- Increasing branded jewelry segment
- Growth of the men's jewelry segment
- Importance of environmental and social consideration

Lebanon is considered a leader and a hub for the production of gold and jewelry in the Middle East. Main characteristics

- The sector is dominated by family businesses with for example: Tabbah, Hakim, Mouawad, Bongia, Mouzannar
- Data and statistics are unverified and difficult to consider due to the unreliability of the numbers provided

The jewelry sector might represent between 20 percent (Source: IDAL) and 37 percent (Source: Atlas) of Lebanese exports

The sector is highly informal and is also affected by money laundering and gemstone trafficking

Patents are for the most part ignored: the capacity to innovate and design is strongly affected by such a situation (Lack of trust, copying, impact on the design capacities, etc.)

The level of local competition is very high, between local jewelers and international brands that are present in large numbers in Beirut

Cluster analysis

The cluster's jewelry products are mainly linked to a high-end range of products and is still the most important segment represented, even after some companies and workshops transferred to lower-end products due to the crisis in Lebanon in the last 10 years. They are covering all the different types of jewelry: head and neck, arms, body and others.

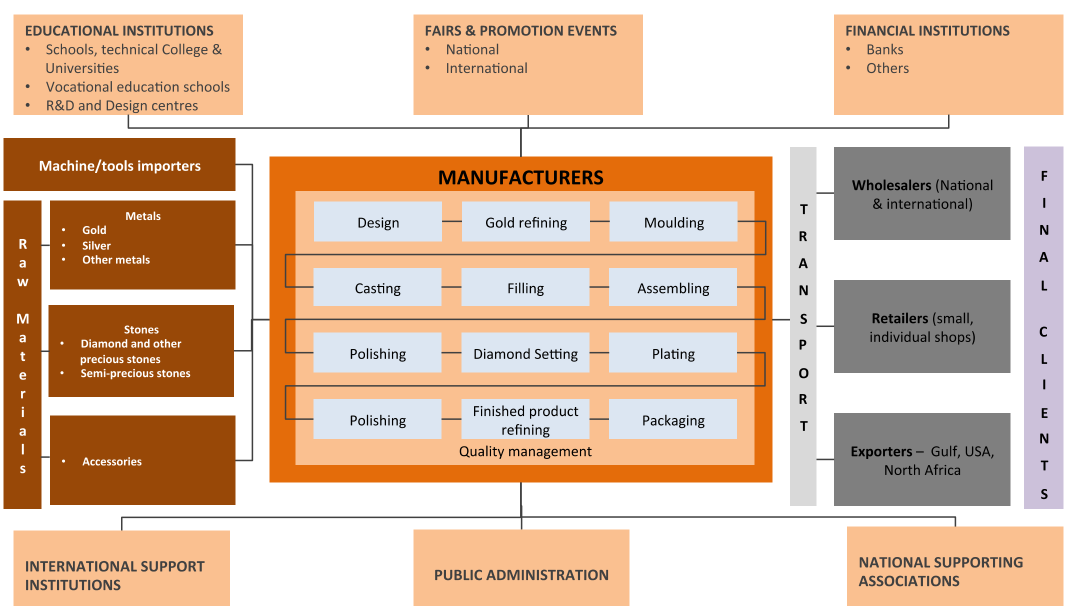
The cluster is divided into two specialties

- Artisans / craftsmen work mostly in unregulated and informal workshops in apartments. They don't have proper brands and act as sub-contractors for other brands, for designers or for traders
- Most of the jewelers are regulated and have their own shops and retail outlets. They often develop their own brands, manufacturing and distributing

The cluster comprises numerous types of agents and represents a key sector for the area of Bourj Hammoud in Beirut.

It is very well structured, thanks to the articulation of all the different steps of the value chain, often organized in one building, manufacturing being managed on the upper floors and the sales outlet located downstairs. In that sense, the jewelry cluster of Bourj Hammoud is a natural cluster.

Typology of agent	# of companies/workers	# jobs
Designer	13	13
Goldsmith	**Approx. 500**	**1500**
Diamond Setter	300	700
Casting /Filling /Assembly	200	800
Polisher	50	150
Packaging	2	150
Traders/Wholesalers	5	50
Retailers	100	200
TOTAL	670	**2063**



Cluster diagnostic & SWOT analysis

Strengths

- Qualified skilled artisans
- Proximity of all the agents in the value chain in the same district: typical clusters geo-organization (Cluster buildings in BH)
- One community, One culture
- Heritage of this profession for 100 years
- BH jewellers are able to suit Gulf countries taste and sensibility

Weaknesses

- Many craftsmen are quitting the sector for more profitable and stable incomes
- Artisans are underpaid which is affecting the quality of work and the finishing: the reputation of the quality of Bourj Hammoud is at stake
- Limited creativity and innovation in the design of jewlery
- Goldsmiths are underpaid by traders
- Lack of branding and marketing

Opportunities

- European markets have not been explored until now
- Globally growing segment of costume and fashion jewelry
- Global presence of established Lebanese and Armenian community in the jewelry business
- Global fame of the Armenian community as great craftsmen and as a supportive diaspora (See Armenian Jewellers Association)

Threats

- Unstable political and security situation in Lebanon and region since 2005
- Lack of demand due to absence of tourists
- Tremendous increase of the price of gold
- Lack of interest among the young generation to study and work in the jewelry sector
- Dubai is becoming a competitor hub for jewelry
- Competition from Istanbul and India in traditional markets

Purchasing criteria

They are evolving depending on the type of buyers, mainly identified in 6 categories:

Retail	Providers	Purchase criteria
Independent store (mono brand)	Subcontractors	Quality, price, norms and standards
Multi brand stores	Brand	Name and brand identity, marketing capacity, innovation and products development capacity
Department stores	Brand/unbranded	Price, volumes, quality
Apparel and accessories stores	Subcontractors	Quality/price, volumes for LE/ME, excellence in quality management for HE, flexibility to adapt to specific values / styles / brands identity / universe
Designers	Subcontractors	Quality management, price, production and logistics timing
Fair trade	Local brands – craftsman	Social and environmental impact

Strategic options

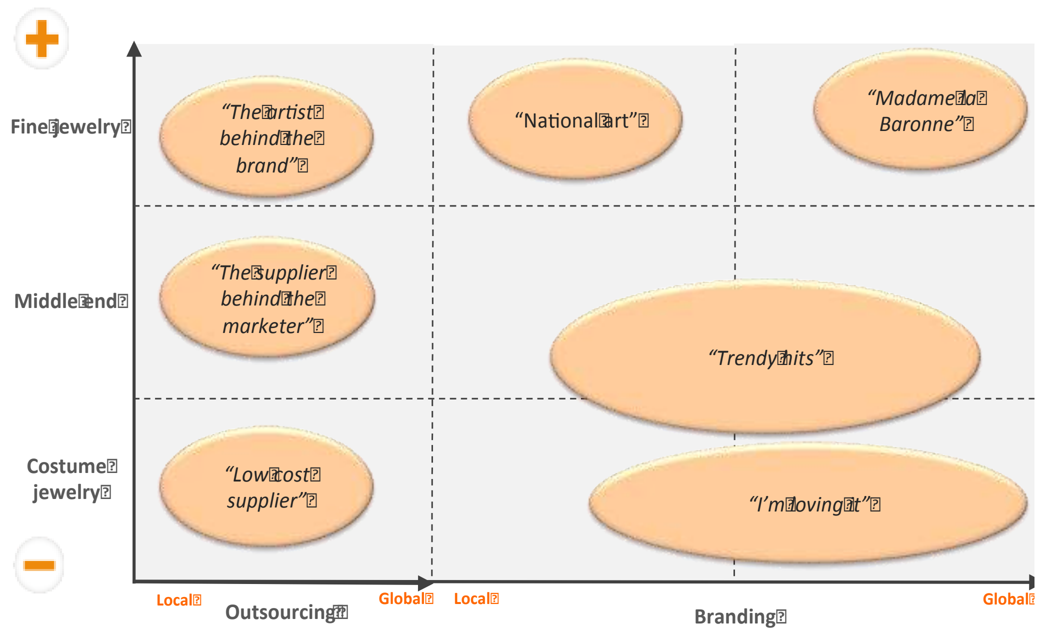
They are structured around two criteria: choosing to manage a brand or not

- ***Unbranded***: Enter as a subcontractor to European designers and manufacturer but there are the needs to know the production capacity, European norms on metals and stones, price, quality management, security and shipping, design, fast fashion
- ***Branded***: Enter as an integrated provider
    - Positioning: to be a branded products provider with an established brand for retailers, multi-brand stores, etc.

Internationalization of brands and industry consolidation

- The range of products where the company might be positioned
    - Fine jewelry (high end), price ranges > 400 Euros, materials mainly gold, diamonds and other precious stones
    - Fashion jewelry (medium end): 100-400 Euros; materials mainly gold, silver and other non-precious materials
    - Costume jewelry <100 Euro: main are non-precious metals

The resulting strategic options are represented in the following matrix:



Low-cost suppliers

Competing on price, reaching very good ratio low-end quality / cost, Manufacturing low-end products, Industrial or semi-industrial production process, Proactive for product development or co-design, Flexible production capacity, but mainly on higher volumes, Very wide range of products manufacturing possibilities, Mainly located in China and India.

Artist behind the brand

Mainly focus on quality and production excellence, full design and creation capacity, top quality relationships with customers and continuous follow-up, exclusive products or limited series, hand-made, know-how and specific "touch".

I'm loving it

Global and trendy brands for costume jewelry, full industrial production capacity, focused on medium or high volumes, very wide range of products, fast fashion capacities, power of the brand or/and density of the distribution network.

Trendy hits

Globally renowned brand with a strong identity, very strong marketing capacity, continuous design and creative capacity, key importance of the integration of the distribution network and control, wide range of products and complementarity of other items (clothing, fashion, other accessories.

National art

Fully focused on quality, very closed and customized customer relationship management, control of local/national distribution network (exclusive), top quality marketing: elite campaigns, presence at exclusive events.

Madame la Baronne

Global exclusive brands with a very strong identity, very strong but very exclusive marketing capacity: top global events, global stars, close link with *haute couture*, The distribution network is to exclusive places with artistic, handcrafted top quality.

Areas of improvement

- Facilitate developing collaborations with brands and designers for the suppliers of middle-end jewelry
- Reinforce the fine jewelry brands nationally and internationally
- Integrate design as a key to development of the trendy hits positioning
- Manufacturers need their own product designs / collections
- Develop brand Identity
- Support company formalization
- Foster collaboration on product development and networking
- Regain market in the Middle East Gulf countries and new markets for jewelry and semi precious accessories in Europe
- Target value added niche markets
- Training workers (design, quality and finishing
- R+D connections (product innovation)
- Investment in machinery and equipment
- Access to finance (product level, upgrade machinery)

Phase 3 Action Plan and Execution

Support to the companies

Design & PDT development

- Local designer training
- Developing a light jewelry fashion line
- Development of high end line

Marketing and communications

- Marketing and branding training and coaching

Management / capacity building

- Business management training for small workshops
- Technical training for designers and workshops

Quality management and equipment

- Identification of jewelry workshop equipment needs
- Support mechanisms for financing equipment

Market access

Sub/co-contractors

- B2B pilot with European jewelry designers

Brands

- B2B pilot with European jewelry retailers
- Support the development of a national and international retail strategy - Awareness campaign and pilot initiative of a local jewelry showroom

Cluster actions

Cluster governance

- Definition of a cluster management entity and legal structure

Visibility

- Support for the development of cluster communication tools

Networking and hub

- Professional associations and institutional networking
- Design and Armenian cultural heritage hub – trends management seminar

Intellectual property

- Benchmark of good practices for jewelry intellectual property and identification of pilot actions on trademark management

FURNITURE CLUSTER

TRIPOLI

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry Analysis

At the global level, the main trends affecting the furniture sector are:

Production / supply

- Growing production in spite of the crisis
- Increasing concentration
- Shift to middle/low income countries plus center of gravity in China) but EU and United States remain important (On shoring trend?)

Customer / demand

- Growing demand in spite of the crisis
- Shift towards middle/low income countries
- Attractive opportunities (openness)
- Qualitative trends: fast fashion, DIY, Ready-to-Assemble, environmental friendly, generation Y (cheaper, smaller spaces, Online) growing production in spite of the crisis

Distribution / exchange and trade

- Increasing trade with clear regional specifics
- Development of Online sales
- Consolidation of global specialized retailers / trend makers (IKEA)

Transversal trends

- Importance of the DIY and RTA
- Impact of fast fashion trend on production chain, logistics and market access constraints
- Impact of the evolution of the real estate sector
- Emergence of generation Y and need to adapt to its specifics
- Strong development of Online channels for information, marketing and purchase
- Growth of specialized distributors with the consolidation and emergence of innovative initiatives

Main trends affecting the furniture sector at national level

Production / supply

- An important sector for Lebanese industries
- Growing production but decline of number of companies and staff
- Increasing export capacity
- Development of Mount Lebanon region vs North Lebanon

Consumption / demand

- Growing demand until 2010
- Strong penetration of imported products

- Structural trends affecting the sector: lower incomes, smaller houses
- 2 sectors impacting strongly: loss of tourists, fall of the construction sector

Cluster analysis

The furniture business in Tripoli is mainly structured around

- Processing: automated preparation of wood for manufacturing
- Manufacture: semi-automatic and hand made production of wooden furniture
- Sales: local and national showrooms, exports and some presence in the Gulf region
- Transportation: national and international road transport

The geographic concentration is elevated and the cluster is mainly concentrated in 3 areas of Tripoli

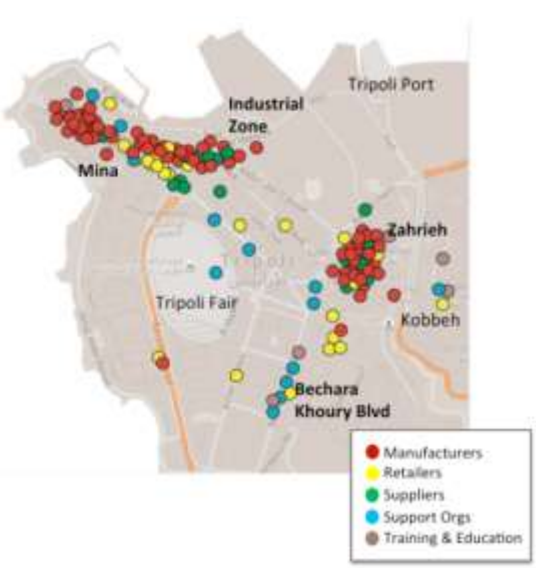
- Mina region and the industrial zone near Tripoli Port, the most important concentration of small and large manufacturers, raw material suppliers and furniture showrooms
- Cluster agents once formed dense concentration in the Zahrieh area and remains an important concentration
- The Bechara Khoury boulevard is home to major banks, support organizations and education institutions

The categories of products are:

- Household furniture: chairs & seats, tables, bedroom, bathroom, dining room, kitchen, cabinets, etc.
- Office furniture: chairs & seats, tables, storage furniture, etc.
- Others: doors and windows

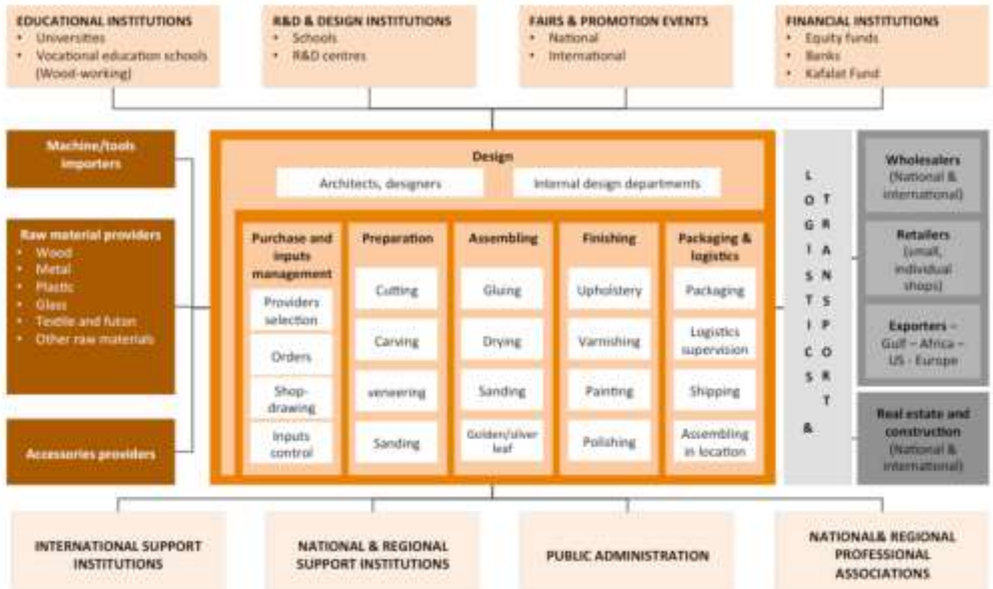
The cluster companies offer a very complete range of products, covering the whole universe of furniture: storage, seating, sets, surfaces, sleeping, etc.

The estimates for the furniture sector for Tripoli (2013 data) are the following: it is essential to note that these figures might strongly vary depending on the situation in Lebanon, as illustrated by the fact that10 years ago, the number of jobs in the cluster was estimated to reach more than 10.000.



	Formal	*Informal*
# Companies	*91*	*≈ 190*
# Jobs	*3420*	*≈ 530*
Business turnover	*$35.85M*	
***Average profitability** (estimated)*	*1-15%*	
Percentage of GDP	*0.075%*	
Importance in North Lebanon economy *Total # of establishments (281/17000)*	*1.65%*	

All the agents of the furniture value chain are represented in the cluster, some of them being based in Beirut



Strengths

- Diversified range of products
- Good know-how especially in wood carving
- Availability of complementary industries and supplies such as raw material and accessories
- Specialized cluster technical professionals: carver, painter, upholsterer
- Good geostrategic position
- Hand-made products
- Cultural melting-pot and sensibility

Weaknesses

- Difficulties with cashflow
- Lack of skilled labor in youth
- Modest economies of scale: difficulties to meet large orders
- Deficiency in export market knowledge and inability to allocate export opportunities
- Weak management skills
- Lack of automation and industrialisation in the manufacturing process

Opportunities

- Historical brand "Tripoli Furniture"
- Availability of university graduates with less employment opportunities elsewhere
- Availability of funding opportunities
- Willingness of institutions to support the sector
- Strong design capacity and reputation in Beirut (designers and design institutions)

Threats

- Internal market saturation
- Limited support from financial institutions
- Political and security instability
- Difficulties of industrial licensing
- Decreasing customs tariffs on imported furniture
- Weaker control over imported raw materials
- Absence of industrial zones
- Lack of government incentives

Purchasing criteria

The furniture companies address several types of clients from two main categories. They all have specific purchasing criteria, which have to be analyzed in order to propose the most suitable response and offer.

RETAIL
Specialized chains

For branded products

- Brand identity is a clear factor of differentiation and a purchase criteria of the final customer
- Design and creative capacity must be developed jointly with a strong capacity to renew collections (fast fashion trend)

For subcontractors

- Flexibility and capacity to collaborate and co-develop, including partnerships with creative and purchase departments
- Proactivity for design and product development
- Turnkey solutions integrating a specific CRM and service approach
- Production volumes are important even if they might depend on the size of the distribution network's chain

Multi-brand and concept stores

For branded products

- The brand must be recognized and powerful: its identity must create the difference and be linked with a specific universe
- Design is a key element of their differentiation and is must-to-have for the products they are buying
- Interested in unique pieces or very limited series
- Exclusiveness might also represent an element of negotiation

For sub/co-contractors

- Flexibility and capacity of adaptation including designers and design departments
- Interested in proactive providers for product development

- Key significance of turnkey solutions for the contract sector collaborating with integrators, covering complete universe of the habitat sector

Department stores

- Brands are key element of positioning. They must be renowned and transmit values appreciated by a large public
- The quality / price ratio is essential since they are competing in the middle / high-end segment. Their volumes might offer better prices for these kinds of products
- They are collaborating with proactive providers able to include the store's management and presentation
- Packaging is also a key element due to the importance of the visuals in department stores

CONTRACT

The cluster companies are mainly focused in two segments:

Designers / architects

- Quality and quality management are the most basic requirements for designers and architects, especially since they mainly work on middle / high-end projects
- They ask for providers' reactivity and flexibility. It is essential for developing their own collection or when playing the role of integrators in decorative turnkey projects
- Innovation and capacity of co-development might represent an interesting differentiation to act as a genuine collaborator. The essential is the capacity to integrate the requirements of the designs they propose with the production capacity and pricing objectives
- The story and identity of the craftsmen can be a plus for certain exclusive pieces where the technical requirement is very high
- Artistic talent and orientation might also be a criteria

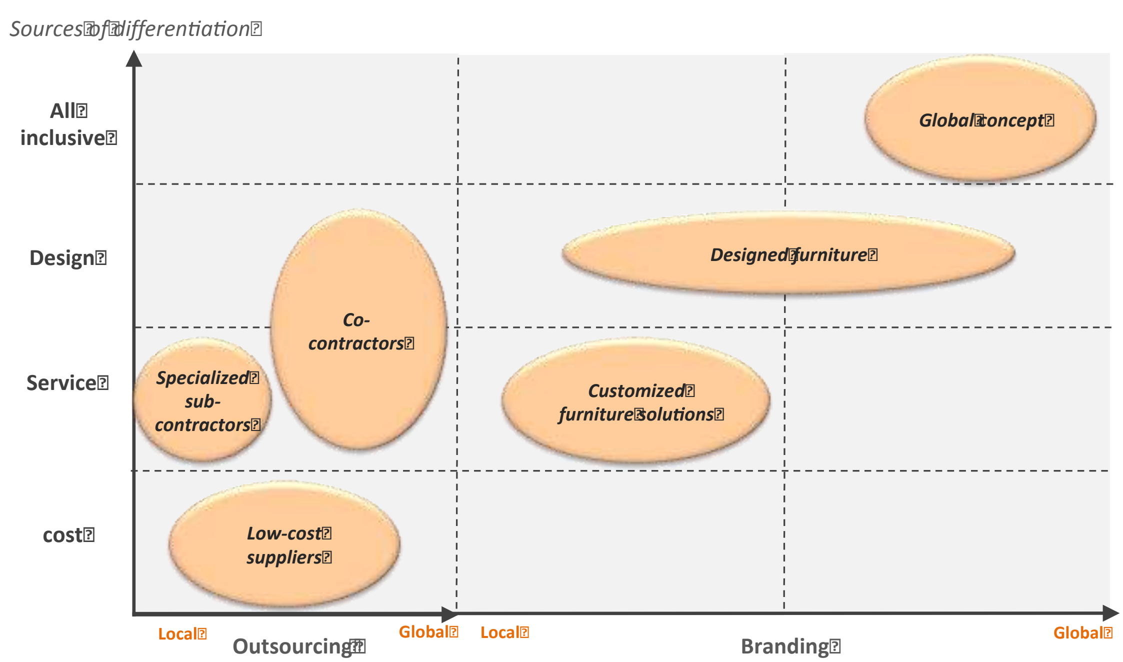
Hotels, restaurants and catering (HORECA)

- Quality and aesthetics are essential
- The brand is interesting only if it brings a plus in relations with customers, and if they recognize it as a quality label or top design (e.g. Roche Bobois, Philippe Stark)
- The capacity to restock quickly is essential because each unused space is a direct cost
- Durability (wear life) and maintenance friendliness are key criteria
- References of providers (recognition in the market)
- Competitiveness and negotiating quantity and supply rates
- Customization and capacity to offer a turnkey solution across the board
- Design is a criteria especially for middle and high-end positioning, where it is part of the DNA of the hotel or restaurant

Strategic options

They are structured around two criteria: choosing to manage or not a brand

- Unbranded: Enter as a subcontractor for European designers and manufacturer but the production capacity needs to be known, along with European norms on metals and stones, price, quality management, security and shipping, design, fast fashion
- Branded: Enter as an integrated provider:
    - Positioning to be a branded products provider with an established brand for retailers, multi-brands stores, etc.
    - Internationalization of brands and industry consolidation
- The companies’ sources of differentiation
    - Cost: the competitive advantage is based on the price of the products
    - Service: differentiation is according to the quality and variety of services offered
    - Design: differentiation is the capacity to offer strong innovative and design identity
    - All inclusive: offering a mix of cost, service and design e.g. IKEA



Four of these options are attractive and accessible to the cluster

- Specialized sub-contractors: High level of specialization in one type of furniture or one step of the manufacturing chain, flexible production, integrate extra staff quickly. Small to medium-sized workshops integrating B2B management, competing on price
- Contractors: service oriented, integrating all steps: design / product development (Internal and/or external creative team), production, logistics, client follow-up and CRM, Ability to meet sophisticated demand and to adapt to brands' / manufacturers' specifics, flexible and efficient manufacturing chain to ensure quality management and delivery timings (B2B relationship KSF), capacity to collaborate with external suppliers to cover wide range of products and manufacturing criteria
- Designed furniture brands: focused on a strong brand differentiated by design specifics. Brand must be a design with a clear identity, strong marketing and communication in all the channels targeting high-level and being continuously active, integration of internal design/creation team and collaboration with external designers to develop specific lines / products / collections, vertically integrated with proper sales points, from showroom and concept stores to mono-brand shops (owned or franchised)
- Customized furniture solutions: brand identity and differentiation at local / national level, focused on providing customized solutions and on service management capacity (control of full product management process), good level of reactivity for solutions development and delivery, centered on final customers trends evolution and adaptation, vertical integration of distribution, from showrooms to mono or multi-brands stores, wide range of furniture and potential complement of other habitat items (decoration)

Areas of improvement

- Facilitate developing collaborations with brands and designers for the suppliers of middle-end jewelry
- Reinforce the fine jewelry brands nationally and internationally
- Integrate design as a key to development of the trendy hits positioning
- Manufacturers need their own product designs / collections
- Develop brand Identity
- Support company formalization
- Foster collaboration on product development and networking
- Regain market in the Middle East Gulf countries and new markets for jewelry and semi precious accessories in Europe
- Target value added niche markets
- Training workers (design, quality and finishing
- R+D connections (product innovation)
- Investment in machinery and equipment
- Access to finance (product level, upgrade machinery)

Phase 3 Action Plan and Execution

Support for the companies

Design & PDT development

- Design integration training for the production masters
- Creation of a modern collection with Lebanese designers
- Marketing and communications
- Marketing & branding training and coaching

Capacity building

- Business management training for small workshops

Quality and equipment

- Identifying equipment needs
- Mutualizing wood drying equipment
- Finding financing support
- Production processes and quality management training

Market access

Sub/co-contractors

- Habitat pilot for sub/co-contractors

Brands

- Support the development of a national retail strategy
- Pilot collaborations with European retailers

Transversal

- Market research and identifying national and international targets

Cluster actions

Cluster governance

- Benchmark study and tour in a selected furniture cluster
- Validation of the cluster management entity and governance structure

Transport and logistics

- Optimize the export administrative management procedures

Visibility

- Develop a communications strategy and campaign for the Tripoli furniture cluster
- Support for sales promotion activities in European and Gulf markets

4.5 MOROCCO

HOME TEXTILE CLUSTER

CASABLANCA

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

The world's textile industry has faced significant structural changes. The center of gravity has moved demand towards Asia, highlighting two heavyweights: bedrooms and living rooms (58 percent of global demand)

Nine major exporters focus on two types of production: low cost in developing countries and the high end in developed countries.

Home textile industry

- The domestic market is growing rapidly, driven by urbanization, with a doubling in demand expected by 2025
- Supply is characterized by a limited number of companies (about 120) for a low concentrated sector, poorly integrated upstream and mainly based on local investment.
- As in the international market, bed and living rooms are main segments in Moroccan home textiles industry.
- Production oriented to the domestic market with very limited exports (<10%)
- The sector's sales have been stagnating since 2008
  - Continued increase of informal production (about 25 percent of a market valued at Dhs 1,8 billion)
  - The impact of Imports (15 percent of the market valued at Dhs 1.2 billion)
  - The global economic crisis with a slowdown in Europe

National sales have increased by more than 15 percent (2007 – 2010), of which informal production and imports accounts for 40 percent.

The dominance of traditional souks, markets and informal distribution characterizes sales. Most specialized stores are destocking imported middle / high-end products and carry limited quantities

Cluster analysis

Casablanca is Morocco's economic center where most of the country’s industrial activities are concentrated. Around 6 million people live in the urban area. The proximity of the Casablanca’s port is important for the textile industry to import raw materials and export finished goods.

The Casablanca Home Textile cluster accounts for 70 percent of national production, with annual sales of more than Dhs 3 billion and a workforce of around 22 000.

The cluster comprises 120 companies covering all segments of home textiles, 80 percent for bedding and living rooms.

- 2 major firms (turnover > Dhs 700 million)
- 20 consolidated SMEs (turnover > Dhs 50 million)
- 50 SMEs (turnover between Dhs 10 – 30 million)
- 50 microenterprises (turnover between Dhs 1 – 10 million)
- The cluster includes some of the industry leaders in terms of technology, product development, innovation and know-how
- Except for the production of plant fibers, cluster companies cover all stages of the value chain
- Spinning and weaving
- Dyeing and printing
- Finishing and embroidery
- Manufacture and distribution.
- The government supports the industry very willingly with several programs, including the Clusters Support Fund program and the Ministry of Industry’s Ecosystem program
- Great potential exists for investment and employment

Cluster diagnosis

Competition is fierce at national level, due to the significance of informal production (40 percent of production) and the opening of markets to products imported from Asia and Turkey (Free Trade Agreements and low tariffs). Exports are low (<10% towards Africa, Maghreb and Middle East) and limited to large industrial groups.

The cluster environment is characterized by powerful and very active private sector associations and federations (CGEM, AMITH), support structures (Maroc PME, Maroc Export), training institutions (ESITH, Casa Moda Academy) and technical centers / laboratories (CTTH)

The cluster benefits from a large industrial capacity and skilled workforce. It suffers from the importance of energy costs and a significant dependence on imports of raw materials.

Profitability is limited in the low and low –medium-end segments. Opportunities exist to capture margin in the high-end segment where bargaining power is greater.

It is necessary to develop finished goods and be positioned in the high-end segment for exports.

Strengths

- Important industrial capacity
- Large range of products
- Local handicraft with a strong know how and a cultural identity
- Generation of young entrepreneurs
- Public and private support institutions

Weaknesses

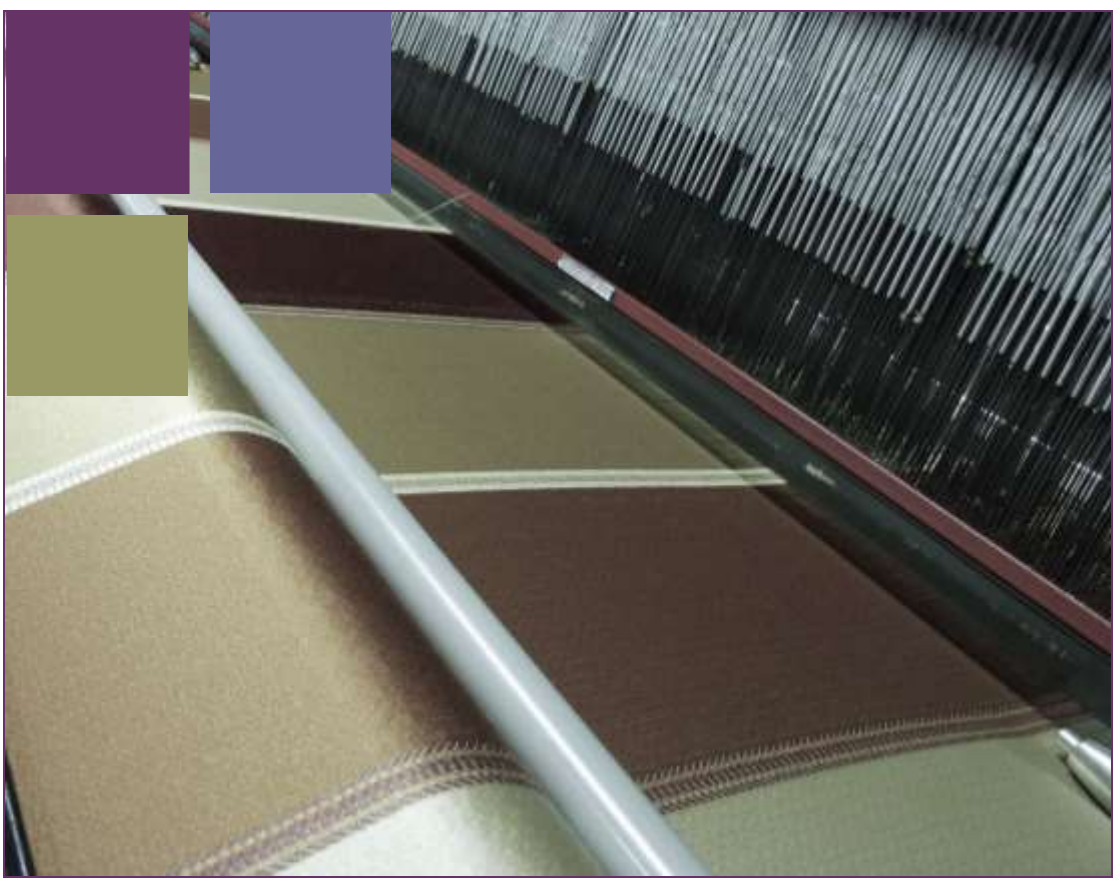
- Limited creativity
- Imitation/ copy and counterfeiting
- Cultural heritage poorly valued
- Low experience/ knowledge of international markets
- Low productivity
- Marketing and communication weaknesses

Opportunities

- Fast growing local market
- Development of modern distribution
- Changes in tastes and consumers' purchasing power
- Large export market
- Decrease in raw materials prices
- Public support programs available
- Moroccan real estate investments in Africa and Middle East
- Increase of the dollar's value

Threats

- Opening of Moroccan market
- Informal imports, production and distribution
- Progressive disappearance of spinning industry
- Tendency for trading rather than production
- Establishment of IKEA in Morocco
- Difficulty of application of intellectual property laws



Key findings

We gathered the following information

- Buyers purchasing criteria
- The most attractive strategic options for cluster companies
- Key success factors to achieve them
- Best examples

The definition of consumer buying criteria for cluster products was conducted through interviews with local and international buyers from Foum Lahcen, Kinnasand , Kitea , Casa Viva , IKEA, Zara Home, Galeries Lafayette, Carrefour / Label Vie, the Conran shop, the Bazarisatain and Wayfair.

An analysis of the strengths of the Turkish model, the heavyweight and success story in the sector, was presented at the request of luster companies.

Purchasing criteria

Key criteria put forward by buyers

Semi-finished products

- Editors: constant innovation, quality requirements and respect for deadlines

Finished goods

- Specialized chains: design, price, quality, production capacity, services (range renewal capacity, packaging, sustainable partnerships), respect for delivery deadlines

Multi-brand stores

- Brand awareness, large ranges of products, quality / price ratio

Retail / traditional markets

- Wide range of products
- Pricing
- Availability of stock for restocking the shelves
- Back margins on suppliers (entry fee, end-of-the-year discount
- Various management fees

Concept stores

- Artistic touch and unicity of products (or limited series), strong link with the cultural heritage and the producer / artist, quality and importance of handmade

Online stores

- The brand's identity, character and uniqueness, limited ranges

Other criteria

- Renewal of products and ability to restock
- Important logistical capacity
- Price competitiveness and promotional offers
- Monitoring responsiveness and professionalism
- Strength of the offer
  - The design in its ability to maximize the use
  - Compliance with manufacturing and safety standards
  - Qualitative references (companies with whom a supplier has worked previously)
- Working conditions

Strategic options

A. Semi-finished products

Mass-market weavers

- Manufacture fabrics for outsourcers who primarily seek low cost
- The logic of collaboration is subcontracting execution based mainly on production
- High volumes, standardized products, industrial production processes
- Design or product character is not a priority

Co-contracting weavers

- Incorporates production, innovation and product development, Pro-activity in managing the relationship with the buyer, advice and support

Editors

- Focus on design and brand as differentiation factors mainly positioned on the medium / high-end sector.
- Historically focused on semi-finished fabric goods, now shifting gradually towards finished products
- The design and product development department is the heart of the company
- Brand plus value equals editor's DNA
- The breadth of the range is an essential feature of this type of player

B. Finished products

Mass-market suppliers

Enterprises with a single range of finished products mainly oriented towards production not distribution

- Large volumes, standardized products and industrial processes
- Differentiating mainly by cost
- Compliance with international standards is a prerequisite for existing at a global level
- There is no link with cultural heritage

Service brands

Finished product brands with an offer based on products and services that enable some customization and turnkey services

- Services allow product customization (colors, sizes, materials) and integration of related services (Insurance, assembly, transport and marketing support)
- Design acts as a customization service to mark an identity

Mark brands

Manufacturers / distributors brands oriented towards retail and not necessarily integrating the manufacturing stage

- Include a complete offer including design, services, customization and cost
- The strength of the distribution network must support volume needs
- IKEA or Zara Home are major players in this strategic positioning option

Designer brands

Positioned at the heart of product

innovation and creativity

- The name of the brand or designer is a key product differentiator
- Design is the heart of these brands' identities
- The positioning is between medium and high-end
- The series are more limited
- Exclusivity of products and brand identity create universal potential ("Global brand ")
- These brands generally own rarely more than one or a few stores

Luxury brands

Positioned in exclusivity and very high-end segments. The brand name is the differentiating factor. Exclusivity and identity must ensure global projection

- Design is necessary for exclusivity and luxury
- Unique pieces or very limited series represent a significant segment for luxury
- Controlling the retail is essential to ensure the personalization and quality of services provided. The number of stores is inherent in the exclusivity of brands and the limited segment size

Area of improvement

- Production of fabrics remains important but suffers from its differentiation process.
- Finished goods supply can be expanded and should be more developed and differentiated.
- Brands remain mainly poorly consolidated.

- Two major strategic axes were selected and validated by cluster companies
  1. Differentiation of products and offer by stressing service and design
  2. Development of finished good brands and improvement of companies' visibility through aggressive and multichannel sales and retail strategies

- Three positioning options result
  1. **Co-contracting weavers**
     - Differentiated products: material, techniques, and design
     - Proactive offer of associated services: product development, innovation and commercial support
     - Optimized equipment and organization to respond to requirements of quality and technique
     - Breadth of product ranges and materials allowing personalized and adapted services precisely matching the clients' values / styles
  2. **Service brands**
     - Very broad product ranges (design and product development) covering various product universes
     - Substantial offer of associated services, whether they relate to products or customer relationships
     - Solid brand image and consolidated branding strategies (identity)
     - Partial integration of distribution or development of multichannel (360º) sales strategies
  3. **Designer brands**
     - Existence of strong design departments and collaboration with renowned external designers
     - Significant branding based on the creativity and strong identity of a small number of products within an exclusive universe, integrating a design and artistic touch for part of the communication
     - Creator of trends
     - Existence at a multinational or global level

PHASE 3 ACTION PLAN AND EXECUTION

The structure of the suggested action plan responds to three main working axes, which emerged from the strategic analysis and discussions with cluster companies.

Co-contracting weavers

- Differentiated products: material, techniques and design
- Proactive offer of associated services: product development innovation and commercial support
- Optimized equipment and organization to respond to requirements of quality and technique
- Breadth of product ranges and materials to offer personalized and adapted services matching precisely the clients' values / styles

Service brands

- Very broad product ranges (design and product development) covering various universes
- Substantial offer of associated services, relating to products or customer relationships
- Solid brand image and consolidated brand identity strategies
- Partial integration of distribution or development of multichannel (360º) sale strategies

Design brands

- Existence of strong design departments and collaboration with renowned external designers
- Significant branding based on the creativity and strong identity of a clutch of products within an exclusive universe, integrating a design and artistic touch
- Being a creator of trends
- Existence at a multinational or global level

DECORATION AND FURNITURE

MARRAKECH

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis
The Moroccan decoration and furniture industry, although slowed by the world economic crisis, continued to grow in 2014 and forecasts for 2015 turnover exceeds MAD 700 bn.

This growth of the Industry is supported by

- Resumption of housing industry activity
- Increase of middle class purchasing power in emerging countries
- Householders increasing appetite for decoration and furniture products

The two most important segments are furniture and home textile (70 – 80 percent of total sales.

Several structural changes have affected these industries at the international level in stages of the value chain.

- Transfer of production to Asia (China). Europe and the United States remain important decision and production centers for the Industry
- Growing demand in spite of the economic crisis. A change of global demand towards countries with low and / or moderate incomes
- Qualitative tendencies: fast fashion , DIY, kit furniture, respect for the environment. Also, Generation Y brings distinctive consumer characteristics(less expensive, more limited spaces, importance of Online channels)

On the distribution side, there is strong growth of commercial transactions with very clear regional specificities.

There is an important increase of Online sales channels.

Specialized retailers are consolidating and global brands such as IKEA are influencing trends.

Morocco's decoration and furniture Industry

- On the demand side, handicrafts with strong cultural contents achieved sales of MAD 20,2 billion in 2013, a rise of 4 percent over 2012. Ninety percent of sales were in Casablanca, Marrakech and Fès
- In addition, Morocco faced a strong increase in the number of handicraft SMEs whose turnover rose 149 percent. Marrakech is an important player (35 percent of SMEs, 16 percent of sales)
- The decoration and furniture sector accounted for 41 percent of sales and 31.7 percent of employment. In 2012 and 2013, the number of employees fell by 33 percent and exports by 6,6 percent
- National demand from mainly residential customers moved much more towards mono-craftsmen than SMEs

- Tourism has a structural impact on the sector through the demands of hotels and catering, tourists and Moroccans living abroad
- The construction sector has an intrinsic link with the decoration / furniture industry showing very strong potential for growth increasing with the urbanization of Moroccans
- Distribution is characterized by a strong predominance of informal stores as well as traditional souks and markets

Cluster analysis

Marrakech is one of the main handicraft centers in Morocco, accounting for many *Mâalems* with ancestral know-how in various segments. In the early 90's, following the saturation of the first Marrakech industrial zone, the Sidi Ghanem industrial zone was built and began attracting handicraft workshops and showrooms.

At the beginning of 2000 Marrakech experienced a significant wave of European immigrants who settled in the Medina region purchasing old *riads*, traditional houses with gardens or courtyards, converting them into guesthouses.

A real estate boom followed. Tourism continues to be the main activity and new showrooms continue to open in Sidi Ghanem.

Some 77 percent of Marrakech's craft companies were created between 2000 and 2013.

Marrakech's Decoration and Furniture cluster lists about 200 SMEs producing tableware, decorations, furniture, lighting and home textiles.

Some 5, 000 craftsmen play a major role in the cluster, which employs almost 7,000 people with sales estimated to be valued at MAD 1.16 billion

- Cluster companies yield average sales of MAD 8 million
- 80 percent are low end producers
- 56 percent realize over MAD 1 million per year
- Exports account for about 18 percent of production

The cluster includes some industry leaders in technology, product development, innovation and know-how.

Cluster companies cover all the value chain steps: design and innovation, creation, manufacturing and distribution.

There is a real determination among public authorities to support the sector, which shows great potential for investment and employment. "Fonds d'Appui aux Clusters" "Ecosystemes" of the Ministry of Industry (MICIEN) are particularly supportive.

Cluster diagnosis

Profitability is limited in the low and low-medium segments. There is almost no large industrial capacity to satisfy big firms demands. There are better profit margins at the high-end where opportunities exist for more bargaining power

- It is necessary to develop consistent product ranges and to focus the high-end to export
- Competition is hard at the national level, due to informal production and imports from Asia and Turkey that benefit from free trade agreements and low tariffs.
- Exports have been falling since 2012
- The cluster has very low industrial capacity.
- Labor is qualified but not very committed. Young people have little interest in handicrafts. The know-how is being lost
- The cluster receives strong support and training from Maison de l'artisan, Maroc PME, Maroc Export, OFPPT, IAT and ESAV).

Strengths

- All habitat segments covered
- Tourism capital. Strong potential for individual customers and hotels and catering
- One of the hearts of Moroccan handicrafts. Strong branding and marketing potential
- Good integration of modern design trends
- Companies with previous experience of exports and linkages with European markets
- High-quality workforce: recognized know-how in all segments and product categories
- Dense network of reactive SMEs plus significant number of craftsmen / workshops / cooperatives: synergies exist
- Good links between design and production

Weaknesses

- Access to raw materials (price and quality)
- Creativity and restocking sometimes limited
- Imitation and counterfeiting
- Non-optimal production techniques
- Important potential to center respect for the environment at the heart of production
- Work conditions and security of the craftsmen
- Weak communications and brand visibility
- Difficulty of handicrafts attracting youth
- Strong presence of informal production
- Disrespect for international quality standards
- High costs of transport and logistics

Opportunities

- Support of public and local authorities (Vision 2015 - PDRA): Development strategy of the tourist sector (international visibility)
- Strong demand of products with significant cultural content
- Construction and urbanization projects (touristic structures)
- Important inward foreign investment
- Certification projects (quality labels) guaranteeing quality and visibility (Handmade in Morocco)
- Political stability and security in Morocco compared to direct competitors in the area after the Arab Spring

Threats

- Bureaucratic rigidity; lack of transparency (customs, authorizations)
- Difficulty of access to financing and training
- Economic crisis: order levels
- Increased costs due to late payment
- High real estate costs
- Strong external competition on low/middle end (China, Turkey)
- Limited support for innovation and R&D
- Growing importance of manufacturing standards (environment, social)
- IKEA opening in Morocco

Key findings

- Buyers purchasing criteria
- The most attractive strategic options
- Key success factors
- Good examples

Purchasing criteria

Key criteria put forward by buyers

Retail

- Competitive prices for the low end, volume and control of production, delivery delays, aggressive relationships with suppliers

Specialized chains

- Brand identity, creative capacity, production volumes, flexibility and facilitated collaboration, design and product development proactivity and turnkey solutions

Concept stores and galleries

- Strong brand identity, design quality/ differentiation, single or small ranges, exclusivity, flexibility and facilitated collaboration, design proactivity and turnkey solutions

Online stores

- The brand, design, but mainly customization

Souks and traditional markets

- Price, relationship with the purchaser and / or referrer and fashion trends

Specialized stores

- Quality, use of specific materials, brand, design, customization, price, foreign brands for part or all the product and trends

Tourist shops

- Procurement, restocking capacities, custom regulations, high quality and price

Strategic options

Executive subcontractor

Products manufacture for large clients who primarily concentrate on cost

- High volumes, standardized products, industrial production processes
- Design or product character is not a priority

Traditional craftsmen

Manufacturing products mainly for local clients, who seek customized and flexible execution

- Low volumes, products vary according to orders, produced by artisans
- Local SMEs are principal clients

Co-contracting

Products offer integrating design and customization. Co-contractor supplies raw materials

- Volumes are limited; production processes are semi-industrialized or artisanal (depending on the positioning)
- Design and customization at its heart
- Main co-contractors can either be brands or retailers (chains or concept stores) but also professional customers (architects, home designers, HORECA)

Traditional souk producers/distributors

- Manufacture of "historical" craft products
- Volumes are limited; production processes are completely artisanal
- No design but a reproduction of historical models
- Manufacture can be integrated or not.
- Cost remains the main production criterion.

Service brands

Finished products and services offered based with some customization and turnkey services

- Services allow product customization (colors, sizes and materials) and integration of insurance, assembly, transport and marketing
- The design is a customization service to mark brand identity

Design brands / designers

Brands positioned at the heart of product innovation and creativity

- The name of the brand or designer is a key differentiating factor of the products
- Design is at the heart of these brands identity
- The positioning is between medium and high-end
- The series are more limited, Exclusivity of products and brand identity create the "Global brand
- These brands generally own one or a few own stores but rarely more

Specialized chains

Manufacturers / distributors' brands oriented towards retail and not necessarily integrating the manufacturing stage

- These chains integrate a complete offer which takes into account design, services, customization but also cost
- The strength of the distribution brand is fundamental and the network of stores must meet the needs of volumes
- IKEA is the emblematic player

Area of improvement

Two major strategic axes were selected and validated by the cluster companies

- Differentiation of products and offer by stressing service and design
- Development of strong brands and improvement of companies' visibility

Positioning associated with key success factors
Co-contracting
For professional customers (HORECA)

- Product customization
- Delivery and production delays (Impact on the whole chain)
- Quality/ price ratio
- Usefulness (resisting, practice)

Brands

- Customer relationship facilitated capacity for collaboration with procurement and creative services
- Offer flexibility
- Product customization
- Quality/ price ratio
- Delivery and production delays

Service brands

- Specific offer for professional customers
- Possibility of integrating turnkey solutions: services, design and complete decoration and furnishing
- Solutions with additional related services: assembly, transport and insurance
- Levels of product customization (size and materials)
- Wide product range
- Reactivity of the production process (short series, logistic management)
- Customized CRM

Design brands / designers

- Recognition of the style, identity and unity of the brand / designer
- Capacity of design and creation (Innovations)
- Very high quality
- Unique products or limited series
- Trend influencer
- Marketing and communication capacities
- Presence in the best concept stores

Phase 3 Action Plan and Execution

The structure of the suggested action plan responds to the 3 main working axes, which emerged both from the strategic analysis and discussions with cluster companies.

Support for the companies

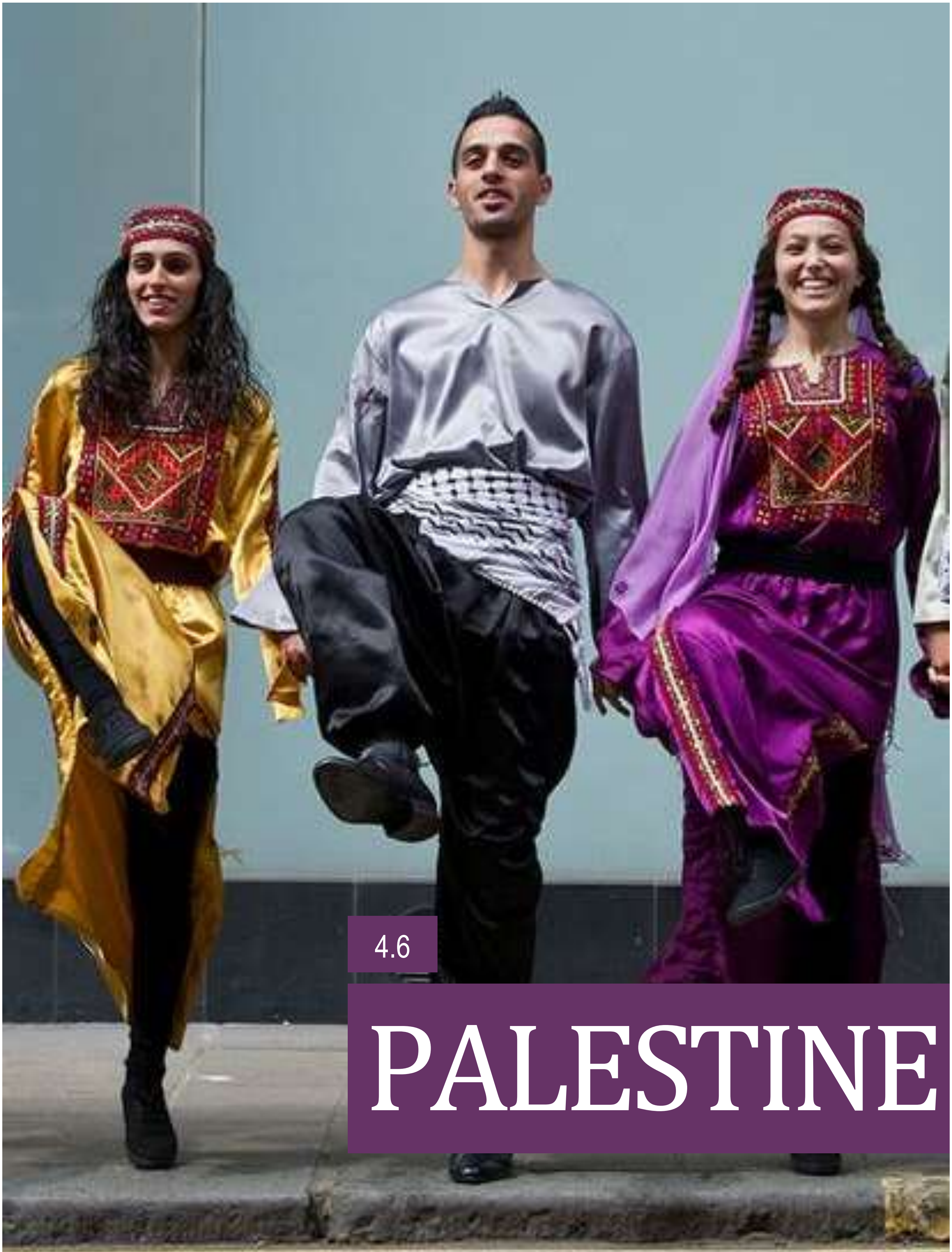
- Marketing and communication training
- Development of cluster communication tools
- Support in acquisition of modern equipment
- Training on quality control and social and environmental responsibility
- Supporting cluster companies to access finance
- Creative hub
- Marrakesh biennial event

Access to market

- Developing a co-contracting offer
- Introduction to branding and distribution strategy
- Developing linkages with HORECA market
- Accessing international markets

Actions in the cluster

- Creative Marrakesh website and e-commerce
- Developing linkages with the tourism sector
- Creation of a cluster structure
- Youth vocational training and awareness of handicrafts
- Meeting with different administrations (customs, foreign exchange bureau)



4.6

PALESTINE

HANDICRAFTS CLUSTER

BETHLEHEM

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

National handcrafts Industry

- Palestine handicrafts include embroidery, Bedouin weaving, olive wood carving, olive oil soap, ceramics, basketry, glass and pottery, Mother of Pearl and bamboo furniture
- The largest sub-industries are embroidery, olive wood carving, glass and pottery and Mother of Pearl
    - Olive wood carving and Mother of Pearl located exclusively in Bethlehem area
    - Olive wood carving (and to a lesser extent Mother of Pearl) are trending toward non- religious fusions
    - There is a strong trend towards household items such as serving trays, jewelry boxes and toys
    - Embroidery is developing towards modern apparel and accessories (wallets and purses)
        - Ceramics and glasswork are static, Jewelry is a new sub segment
- There is a trend towards exporting due to unstable local demand and decreasing numbers of tourists.
- The main limiting factor is the unstable political and security situation and the Israeli occupation, which negatively impacts tourist numbers and directly affects demand in the local market
- Legislation at the national and local level does not provide a protective environment for these industries (regulation, design protection and export incentives)

Tourism in Palestine

- Tourism to Palestine is increasing, although it is affected by political issues
- Bethlehem tourism does well during short holidays
- The EU is the main origin of tourists to Palestine, 50 percent from high-income countries

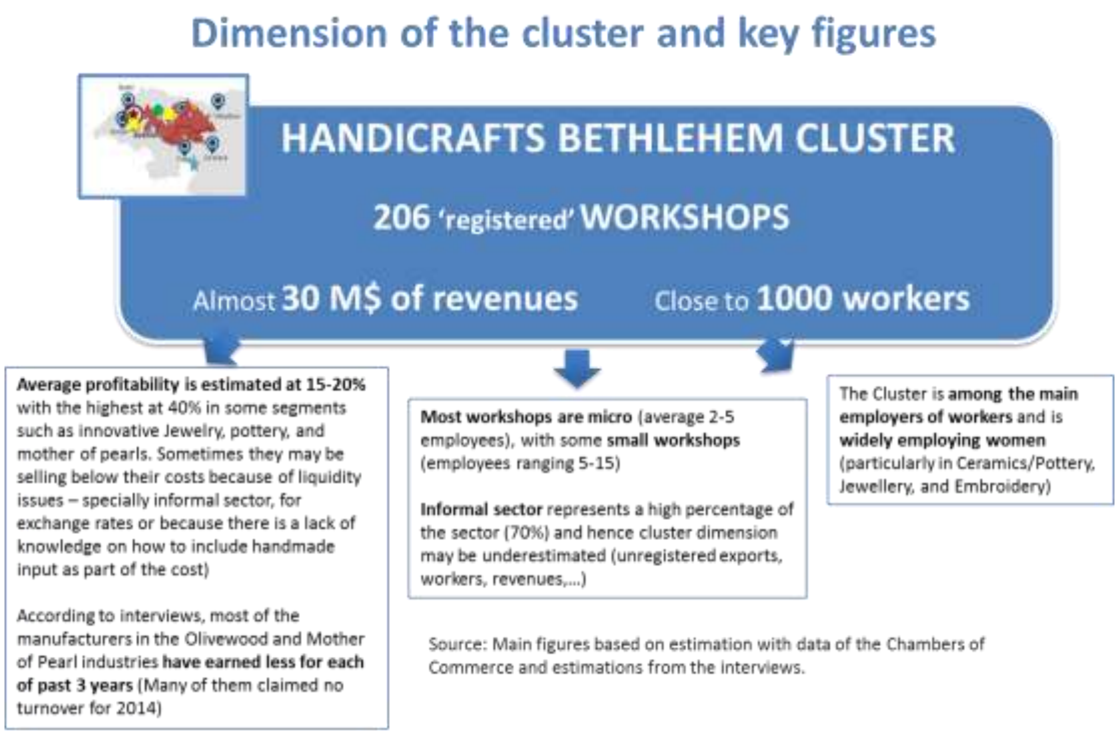
Almost 30 percent of tourists are seniors whose main purpose is pilgrimage but new trends are expected, since young people in main origin countries tend to give less relevance to religion
- Expenditure of tourists is decreasing
- Tourism market is large dominated by tour operators, mostly under Israeli control.
- Handicrafts tourist market is very dependent on souvenir retailers
  - High mark up prices
  - Have direct access to tour operators.
  - Tend to import more handicraft products from low-cost countries.

Christmas Markets
- Christmas is a relatively conservative market, especially in terms of its color palette and larger themes. Within these parameters, lifecycles of product lines or collections can be extremely short, some lasting one season only.
- An increasing consumer trend in the celebrating theme is collecting. Instead of replacing previous years' collection, some consumers are stimulated to buy additions to previously issued Christmas articles to complete or add to their existing sets.
- The Christmas markets becoming more 'lifestyle'.
- With much pressure on costs and efficiency, importers /buyers also look for exporters offering complete concepts, large variety and flexibility in product development.

Global Industry – Tourism Markets
- Differentiation (by quality and designs) and price are key growth factors especially when coupled with the spiritual association to Bethlehem with a high range of substitute products to be bought as a souvenir
- The industry's overall profitability is sustainable with profits highly concentrated at the retail points of sales. Buyers are the main driver of the marketing mix governed by quality, design, and price.

Global Industry – decorative / religious markets

- The industry enjoys an increasing worldwide demand and evolving consumer behavior that yields high revenues from more and more lifestyle and collectable influences
- Christmas markets are growing worldwide with higher margins and stronger control of market channels, mainly retailers of several types and sizes
- The religious and decorative market is lucrative yet challenging with strong present competition of low cost countries and high dependence on differentiation on more lifestyle products.



`Average profitability is estimated at 15 – 20 percent with the highest at 40 percent in some segments such as innovative Jewelry, pottery, and mother of pearls. Sometimes they may be selling below their costs because of liquidity issues – specially informal sector, for exchange rates or because there is a lack of knowledge on how to include handmade input as part of the cost)

According to interviews, most of the manufacturers in the Olivewood and Mother of Pearl industries have earned less for each of past 3 years. Many claimed to have received no turnover for 2014.

Most workshops are micro (average 2 – 5 employees), with some small workshops (employees ranging 5 –15)

The informal sector represents 70 percent of the sector and the cluster's dimension may be underestimated through unregistered exports, workers, and revenues.

The cluster is among the main employers of workers and is widely employing women, particularly in ceramics, pottery, jewelry and embroidery.

- Bethlehem Handicrafts Cluster comprises 206 enterprises with US$ 29 million est. revenues
- Production is well organized given talented and skilled craftsmanship with a very good potential to modernize and streamline
- About 150 enterprises form a substantial mass
- Localized and innovative design is present yet needs to be advanced to match potential demand in local and external markets
- Diversified market segmentation approach (embroidery, Mother of Pearl, olive woodcarving, glass and ceramics, and jewelry)
- Competitive advantage and creative advantage highly linked with heritage (Holy Land, Bethlehem)
- International demand expansion opportunities exist strongly
- Marketing activities including branding and packaging is limited and may be an effective area of intervention for development of products and markets

Strategic position of the Bethlehem Handicrafts cluster

- The cluster is unique involving several different handicrafts producing cultural and religious artifacts
- The most active handicrafts in the Bethlehem area are: olive woodcarving, Mother of Pearl, traditional and fashion embroidery, ceramics, pottery, glass, and jewelry
- Each of these sub-sectors have their own mostly unique and distinct inputs, tools, and set of skills needed for production and are complex to be handled as one industry/cluster in terms of value chain analysis
- The common denominator for all these handicrafts sub-sectors is their markets including some common distribution channels
- The sub-sectors are unified at the market entry level in that they are all competing in the same market locally especially with cultural and religious products
- They all face shared / similar market challenges and obstacles
    - Product development, design capacity and trademark protection
    - Modernizing of processing, and quality control
    - Market access
    - They may all be well branded by their Bethlehem / Holy Land iconic origin

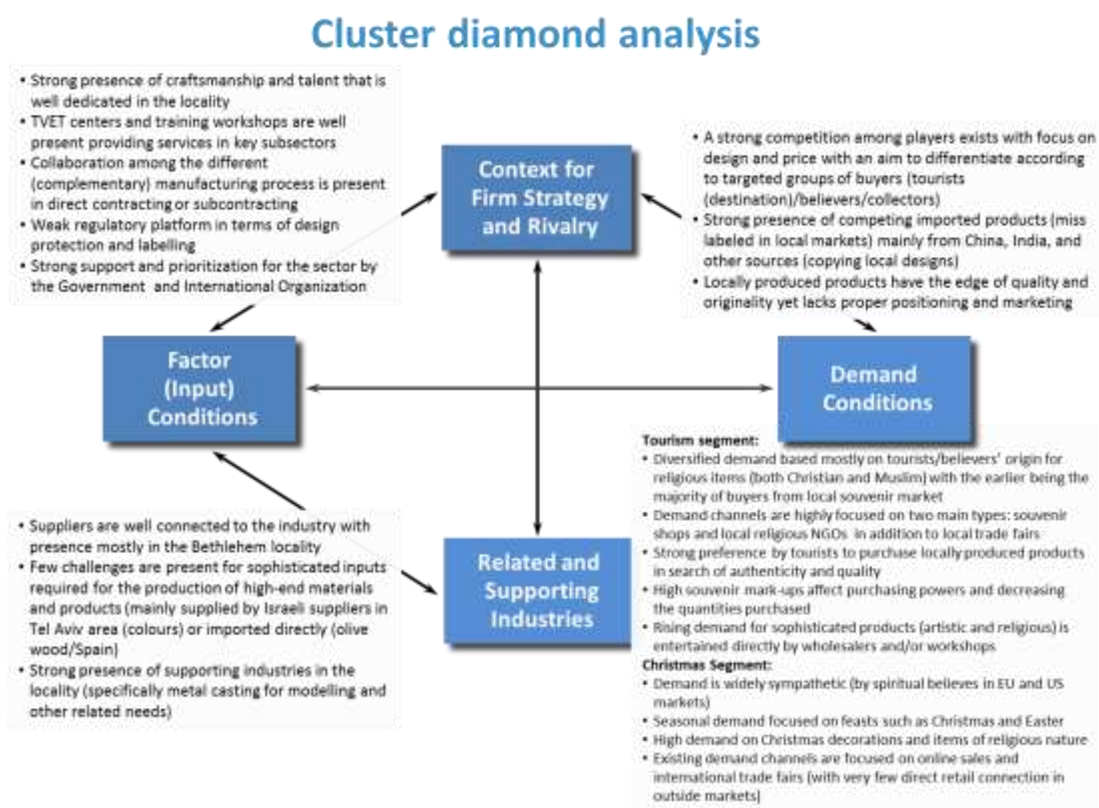
To capitalize on the collective power of the diversified set of products and artefacts made in Bethlehem and are part of the cluster, the analysis focuses mainly on the common denominator of their companies, the segments of the market they share.

Highlights

The Bethlehem Handicrafts cluster is ready to face the current challenges of branding and market access by seizing opportunities in segments of the souvenir, gifts, and collectibles markets. There is potential for enhanced capitalization based on the association with Bethlehem's spiritual, cultural, and historical sentiments.

- The overall political and security conditions are very volatile and unstable impacting severely the numbers of incoming tourists (especially in times of conflict – 2008-2009, 2012, and 2014) and hence local markets are decreasing.
- The decreasing numbers of tourists to the region is widely impacting the overall numbers of overnight stays in Bethlehem resulting in less traffic to local souvenir shops and hence orders to workshops to supply products.
- Fierce competition and stronger control by the Israeli tour operators who arrange 80 percent of the visits to shops.
- Lack of regulation or control on product information provided souvenir shoppers means more room and shelf space for Imported products. Some from China, India, and parts of Europe such as Greece labeled souvenirs *From Bethlehem* or even *Made in Bethlehem*
- The economic/financial crisis in Europe and the USA in 2008-2009 has impacted the budgets of tourists originating from those destinations as well as reducing numbers.

All indicate a shrinking local market, motivating workshops to expand their markets internationally while maintaining a presence locally.



Cluster Diagnostic & SWOT analysis

The project team conducted a SWOT analysis to identify key potentials and challenges facing the cluster in order to achieve desired goals and objectives of the most feasible strategies.

Strengths

- Well positioned and differentiated by the association with Bethlehem
- High level of preserved and dedicated craftsmanship
- Highly skilled labor
- Diversified quality products range
- Availability of multiple buyers channels and customers

Weaknesses

- Low on capacity to respond to large orders
- Lack of specialized and updated TVET centers
- Missing design/product innovation centers and lack of regulation for design protection
- Limited marketing and packaging capacities

Opportunities

- Strong growth potential (Expansion of external markets - religious seasons)
- Brand positioning and marketing structured for increasing sales
- Utilization of new concepts and products will expand target markets with proper structured capitalization on Bethlehem brand
- Israeli tour operators are more interested to direct tours to buy in BTH for sentimental/religious value

Threats

- Younger generations shifting interest into new modern activities
- Low cost and diversified offerings from abroad
- Instability of political and security conditions at home and in the region and its impact of tourism traffic
- Less expenditure on souvenir products from tourists
- Less interest for religious products in certain foreign markets

Purchasing criteria

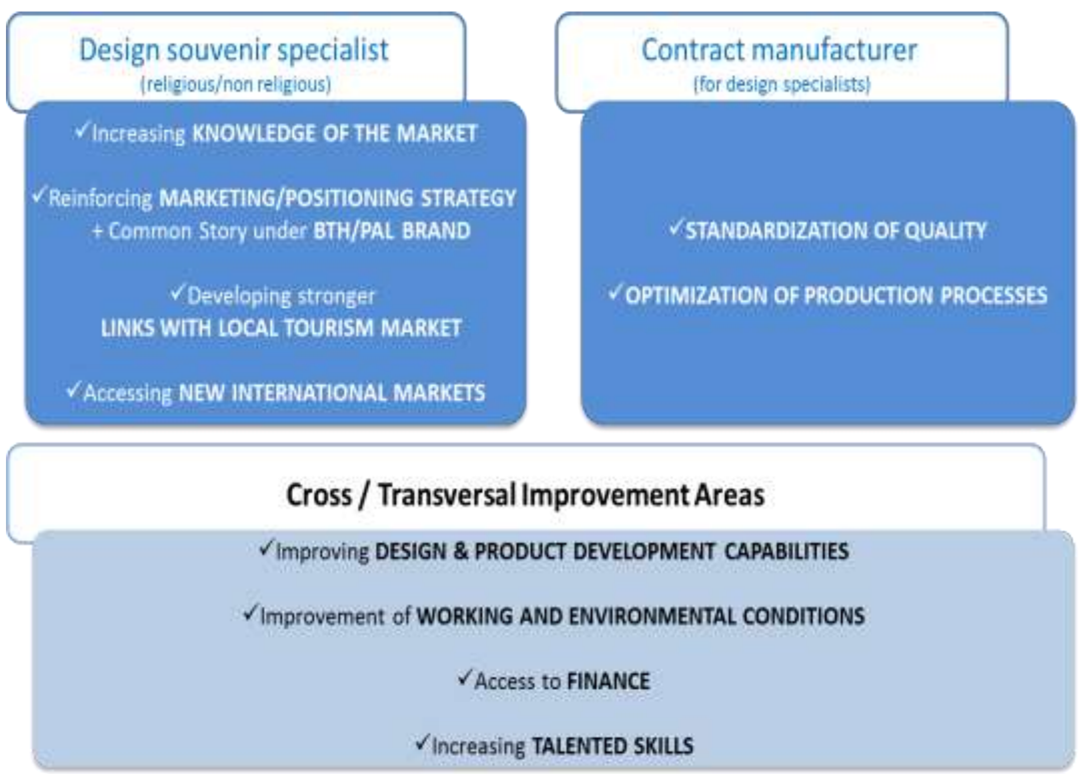
Buyers are focused specifically on the authenticity and originality of the products, which represent one key plus for Bethlehem. Price is also considered a key element for them, and their competitiveness is therefore a necessity to suit these criteria.

Strategic options

Field analysis, buyer interviews in existing and potential markets, and competitive assessment resulted in two most feasible strategic options for the Handcrafts cluster members to compete based on the targeted markets identified (in the local / international markets.

Strategic recommendations

- Tourism offers two main feasible strategic options
- Contract manufacturing: strategy for smallest workshops, which can specialize as service suppliers to main cluster workshops mainly Olive wood carving)
- Design souvenir strategy for workshops that have good positioning in branding or design, which could be strengthened by innovative design and by investing in more marketing, packaging and positioning actions.
- International religious and decorative markets present an opportunity for design souvenir specialists



Areas for improvement

Design souvenir specialist

- Knowledge of tourists and their preferences
- Design capabilities
- Presence of the workshops on tourist websites and social media
- Presentation strategy of products (packaging and experience) including tighter control of retail strategy (jointly or individually)
- Linking products under Bethlehem / Palestine brand

Contract manufacturer

- Specializing in certain designs / models
- Redefining development and manufacturing processes to improve productivity
- Increasing standardization of processes and quality of the products
- Higher production capabilities by networking with other workshops
- Cross Strategy / transversal areas of improvement
- Fostering cross product development among different handicrafts subsectors
- Knowledge on new segments for diversification (decoration, fashion)
- Knowledge of main preferences and key entry points in new markets abroad
- Developing a better branding story and approach under main international brands (Palestine, Holy Land) linked with creative ecosystem
- Better global quality control for some of the handicrafts
- Standard technical requirements (environmental and safety)
- Defusing skills in the market through well positioned training centers

Design diagnosis

- Very complex cluster with a high diversity of material and techniques and workshop sizes producing religious and non-religious souvenirs.
- It is ironic that Bethlehem relies on a 300-year-old heritage that has ignored altering the design of souvenirs.
- Design innovation has not been an issue until tourism dropped precipitously and cluster members now are open to innovation. Some need technical assistance.
- The souvenirs in the tourist shops are often presented supermarket style
- Exporting is much easier for souvenirs because of their small size

Design recommendations

- Need to create a common Bethlehem theme within the diversity of souvenirs.
- Religious or non-religious, the souvenirs need new ideas and new designs and might need another brand other than the *Holy Land* developed in trans-disciplinary workshops in collaboration with local art schools
- Multiplicity and diversity can be developed based on a common theme
- Potential for creating synergies with the Nablus furniture cluster through the integration of some techniques in the furniture sector (wood carving and embroidery) to open up new markets in the Bethlehem Handicrafts cluster
- Access to European Christmas markets could be interesting to promote the new souvenirs with a new theme besides the *Holy Land*

PHASE 3 ACTION PLAN AND EXECUTION

Main lines of actions proposed

Market research on main preferences of tourists visiting Bethlehem or international Christmas and religious markets

- Analysis and development of a common story and values (and brand linked with Bethlehem / Palestine) as a tool to position specific joint actions or events.
- Creation of a design hub to create the common story, reinforce links with creative ecosystem and set up the base with workshops to develop ideas for a new product line.
- Business plan and setup souvenir showroom /store in Bethlehem to directly control positioning and branding.
- Marketing and business development such as networking events with local souvenir stores and tourism stakeholders as well as actions with target international buyers in Bethlehem and in Christmas markets abroad
- Training seminars with individual classes to prepare and coach workshops to improve key improvement areas such as marketing, quality or production processes.

Timeframe for the action plan

- Research and the develop of common story and values as well as creation of design hub would be planned for first semester of 2016 as a prerequisite for any marketing and business development action
- Training seminars and individual audits could be conducted related to prioritization of workshops and areas of improvement developed in the rest of the actions.

Partnerships: approved and pending

- Support institutions
    - Universities: University of Al-Najah (Nablus), and Al-Quds University (Abu Dis)
    - Art Academy in Ramallah (including a network of local and international designers)
- Business
    - Bethlehem Chamber of Commerce and Industry
    - Palestine Trade Center (PalTrade)
- Financial
    - Italian Development Cooperation (credit line)
    - Bank of Palestine (loan facility for SMEs)

The following table summarizes key actions proposed according to improvement areas identified throughout the process

Key improvement areas	No.	Action Item
Knowledge of market	1	Market research preferences of tourists visiting Bethlehem
	2	Market research of main international markets+ Christmas Markets
Design and product development capabilities	3	Symbolic repertory as tool box for innovation
	4	Creation of design Hub
	5	Training on design and product development capabilities
	6	Ideation, prototyping and development of a new product line
	7	Development of new usages for handicrafts to enter new segments
	8	Foster cross product development for current and new markets
Marketing/positioning strategy + common story under bth/pal brand	9	Training on marketing, retail and social media trends
	10	Analysis and development of common story and values
	11	Implementation of a set of marketing materials
	12	Business plan and Setup of Joint souvenir store in Bethlehem
	13	Training on offering an experience for tourists
Links with local tourism market	14	Database with main points of sale in Palestine
	15	Networking event with a selective group of souvenir shops
	16	Identification of tourist stakeholders
	17	Networking event with a selective group of tour operators
New international markets	18	Reverse business development mission inviting potential and target buyers
	19	Joint positioning action in a target Christmas market
Standardization of quality and optimization of production processes	20	Training on production processes + audit
	21	Networking event among workshops and contractors
	22	Training on main aspects of finishing and quality control
	23	Joint purchasing groups of raw materials
Working and environmental status	24	Training on decent labor and implementation of work improvements
	25	Environmental assessment in production process and waste management
Access to finance	26	Linking with existing donor programs and local banks
Providing new qualified labor	27	Areas of improvement of skilled labor current training system
	28	Identification of TVET service providers and creation of MoUs to implement pilots

Priority actions

Highlighted priority actions for support by the project as selected by the cluster members

- Market research of main international markets plus Christmas markets
- Consideration, prototyping and development of a new product line (design and product development capabilities)
- Business plan and set up a joint souvenir store in Bethlehem (marketing and positioning)
- Networking event with a group of souvenir shops (links to local tourism market)
- Identification of tourist stakeholders (links to local tourism market)
- Joint positioning action in a target Christmas market (new international markets)

FURNITURE CLUSTER

NABLUS

Phase 1 Analysis and Diagnosis

Industry analysis

International level

- Overall growth of furniture demand / market
- Change in customer preferences
- Specialized retailers and brand stores leading the market
- Industry lead by more global retailers
- Low cost countries leading world furniture production

National level

- Growth of average household consumption of furniture
- Local customers giving boost to local manufacturers
- Market dominated by standalone showrooms, with expansion in retail / wholesale showrooms and forward integration of manufacturers
- Local furniture production and exports experiencing high growth compared to import stabilization

Highlights

- The furniture Industry is steadily growing worldwide in response to increasing consumption.
- Competition highlights its profitability, focusing on a mix of differentiation, quality and price
- The furniture industry's higher margins are in retail
- The industry is strongly controlled by demand (buyers sensitive to design, quality, and price)
- The furniture Industry proves to be highly attractive (urban population, income availability and investment in construction worldwide) yet very challenging for manufacturers (new entrants from low cost countries)
- Differentiation of products and forward integration into the value chain are key to survival of the business and its development

Cluster Analysis

Average profitability is estimated at 30 to 40 percent in high seasonal demand, 15 percent at lowest.

The cluster's best sales years were 2008 – 2012 (about twice current levels) in local markets (boom of construction sector, increase in credit, and economic stability) and in exports to Israel and Jordan. In 2013 – 2014, sales declined mainly due to economic conditions in the West Bank and the increasing local competition, informal sector and expansion of larger players.

Most of the workshops are small enterprises (5 – 15 workers); a few medium-sized (20 – 70).

Informal sector comprises 30 percent due to the investment and craftsmanship required in addition to the need for documentation for market access.

The cluster faces an increasing challenge acquiring new talent and skills as it is very high in demand locally and the nearby colonies established by the Israel government.

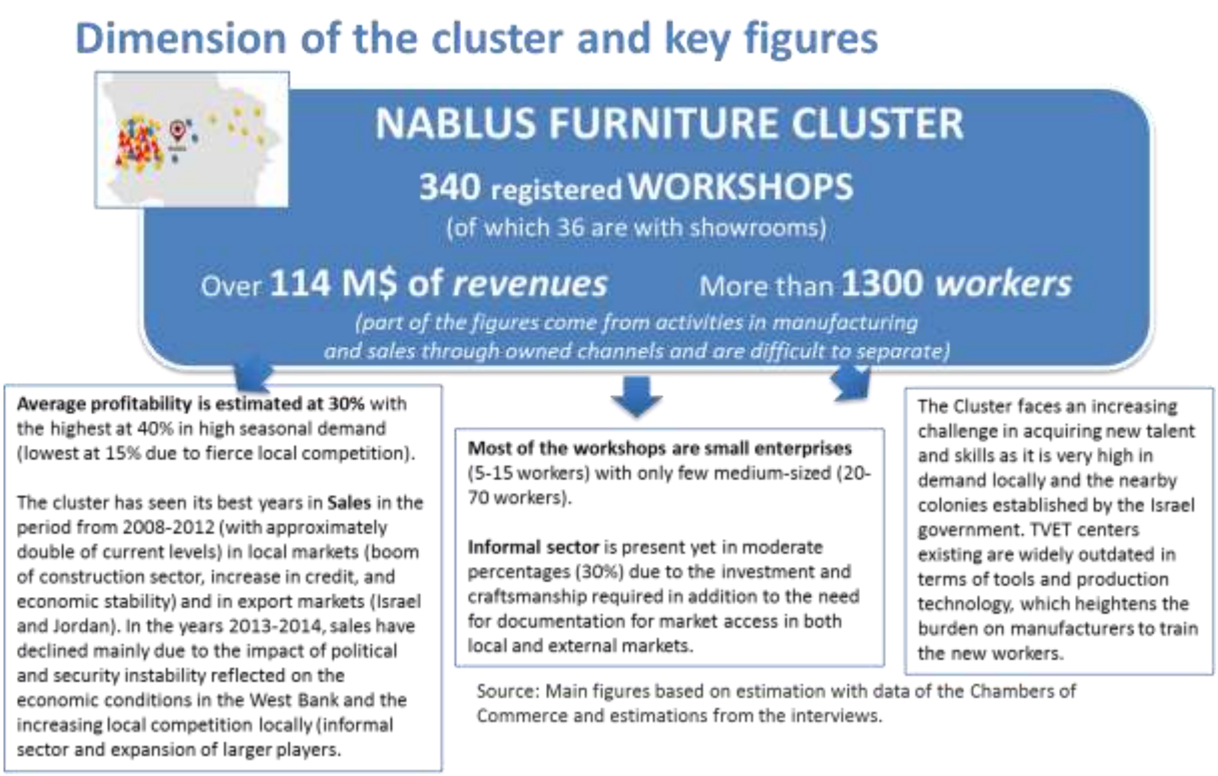
TVET centers are outdated in terms of tools and production technology, which increases the responsibility on manufacturers to train the new workers.

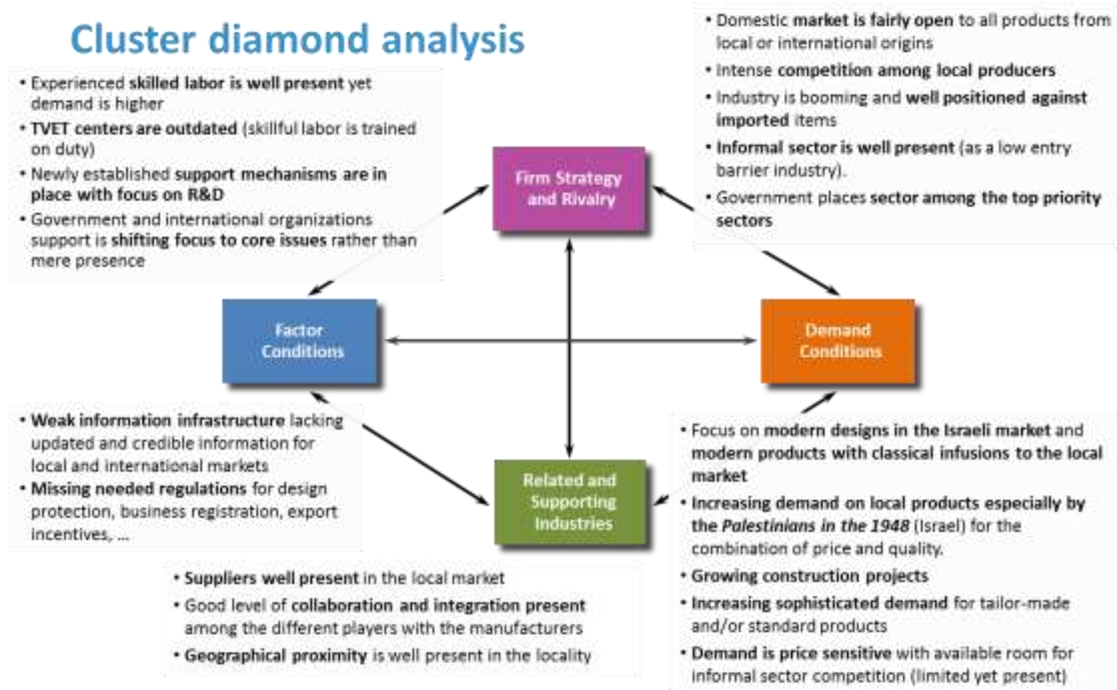
- The furniture cluster in Nablus includes 340 enterprises (of which 36 have their own showrooms)
- Annual turnover for the cluster is US$ 114 M est. employing more than 1,300
- Most of the workshops are small (5 – 15 workers) with only few medium-sized (20 – 70)
- Informal sector is present is a moderate 30 percent due to the investment and craftsmanship required in addition to the need for documentation for market access to local and external markets
- Average profitability is estimated at 30 percent with the highest at 40 percent in high seasonal demand (lowest at 15 percent due to fierce local competition
- The cluster faces an increasing challenge to acquire new talent and skills, which are in very high demand locally and the nearby settlements established by the Israel government.
- Existing TVET centers have outdated tools and production technology, which heightens the burden on manufacturers to train the new workers

Cluster diagnosis

For the purpose of analyzing and diagnosing the furniture cluster in Nablus, the project team implemented several analysis tools to pinpoint key characteristics.

The cluster diamond analysis (of Michael Porter) revealed the following as applied on the Nablus Furniture cluster:





SWOT Analysis

Strengths

- Well advanced carpentry
- Workmanship skills (most of the owners)
- Well networked linkages in the local and Israeli markets
- Presence of good level of specialized machinery

Weaknesses

- Lack of advanced technology for mass/standard production
- Lack of specialized skills (high turn-out)
- Lack of authentic Palestinian Designs
- High local competition based on price
- Limited cooperation among players (for now)
- Limited external market linkages (only ISR)
- High costs of exports through Israel/Jordan to other countries

Opportunities

- Evolving local support towards new designs and processing development (Najah Univ.)
- Emerging new technologies in the industry
- Growing local and international markets for furniture
- New means of goods moving goods across borders in the horizon

Threats

- Political and economic instability
- Lack of design protection application
- Increasingly competing industrial facilities in the Israeli Colonies established in the WB
- Demand is price sensitive with available room for informal sector competition (limited yet present)

Purchasing criteria
Buyers are specifically focused on the quality and originality of the products, on the price and on delivery time.

Strategic options
Field analysis, buyer interviews in existing and potential markets, and competitive assessment resulted into three most feasible strategic options for the Furniture Cluster members to compete in the local/international markets:

1) Full service branded retailer,
2) Customized solution supplier
3) Specialized subcontractor.

Strategic recommendations
Strategic recommendations are summarized as follows:

Full service branded retailer:
- Training on positioning and better definition of a retail strategy with full concept and additional services for end-consumers
- Connection with external designers to provide with solutions to decoration and home furnishing to end consumers
- Linking with customized and specialized suppliers to provide with better designs and custom solutions to end customers
- Development of a marketing and branding strategy to increase the awareness of brand stores

Customized solution supplier
- Training of product development capabilities
- Linking and development of a network of raw materials and components suppliers plus specialized subcontractors
- Development of information systems to connect with stores to have online information on sales
- Training on sourcing and manufacturing processes designed to get higher flexibility to orders
- Optimization of manufacturing and logistics processes to achieve minimum delivery time

Specialized subcontractor
- Development of more flexible structure organizations
- Audit / identification of those products or processes where the workshop can excel
- Training for redefinition and optimization of processes of manufacturing
- Development of links with other workshops to complement / assist in peak periods of orders
- Improvement of marketing strategy to communicate production capabilities and strengths

Areas of improvement

Ideal environment

(Cross strategy / transversal improvement areas)

- Improving knowledge on aesthetic trends of furniture and decoration business (colors, patterns, etc.)
- Improving knowledge on main consumer preferences like environmental aspects, service or concept preferences, etc.
- Developing of standard and basic technical requirements of main prioritized segments and geographical markets
- Improving knowledge for access to international markets to develop product to target markets (more Gulf than EU markets)
- Developing strategies to solve access and movement challenges
- Training on general improvement of quality and finishing

Product development

Design diagnosis

- The furniture cluster in Nablus provides good quality production with a good know-how to produce special customized furniture
- The design is mostly reproduction without proper brand and influenced by international designers that are copied from Internet
- There are almost no designers involved in the production chain
- The costs are high and exporting is a challenge because of the trade channel.

Designer’s recommendations

- Development of proper designs for new production lines with a Palestine touch to rectify the image of Palestine involving local designers and universities
- Customized furniture can be a key factor to access new markets such as hotels
- The workshops need to know how to work actively with designers, to specify and diversify their collections, to work on their communications and the representation of products in their showrooms
- Until the export problem is resolved the cluster will not be able to progress properly and open up new markets.

Phase 3 Action Plan and Execution

Main lines of actions proposed

- Market research to uncover main preferences of end-users locally and in nearby international markets, in addition to the identification of main potential customers and strategies to enter specific international markets (Jordan and Gulf).
- Development of a common story and values to position the furniture cluster in specific joint activities or events.
- Creation of a Design Hub to organize seminars and workshops linking together workshops, designers and other main design stakeholders.
- Study tour to learn about retail strategies in other international markets and B2B sessions together with companies in a selected furniture cluster.
- Marketing and business development joint actions, such as the development of a temporary exhibition in the West Bank inviting potential international customers (of one region, e.g. Jordan and Gulf markets) under Nablus common brand as a way to tell story and main common values.
- Training seminars with individual audits to prepare and coach workshops to boost key improvement areas such as marketing, quality and / or production processes

Timeframe

- Knowledge of the market, development of common story and values as well as creation of design hub would be planned for first semester of 2016 as a prerequisite to any marketing and business development action.
- Training seminars and individual audits could be conducted related to prioritization of workshops and areas of improvement developed in the rest of the actions.

Partnerships: approved and pending

Support institutions:

- Universities: University of Al-Najah (Nablus), and Al-Quds University (Abu Dis)
- Art Academy in Ramallah (including a network of local and international designers)

Business:

- Bethlehem Chamber of Commerce and Industry
- Palestine Trade Center (PalTrade)

Financial

The following table summarizes key actions proposed according to improvement areas identified throughout the above-described process:

Key improvement areas	No.	Action Item
Markets and Trends	1	Market research
Improving and training of product development capabilities	2	Creation of design Hub
	3	Training designers and promoting collaboration
	4	Ideation, prototyping and development of a new product line
	5	Study tour + B2B sessions
Facilitation of access	6	Linking with main organizations and donors
	7	Identification of needs to facilitate movement of goods and businessmen
Business development - accessing local & international markets	8	Market research on potential customers and strategies
	9	Temporary exhibition in the West Bank
	10	Business development mission for market development
Development of a marketing – branding – retail strategy	11	Training on communication and marketing
	12	Training on retailing skills
	13	Study tour to learn about retail strategies
Standardized quality + optimization of production and logistics processes and development of better service to customers	14	Knowledge of new materials + techniques and audit on processes / products
	15	Assessment on technical capacities and identification of new machinery needed
	16	Database of best local and international suppliers for new materials
	17	Joint purchasing groups of raw materials
	18	Training on ways to optimize production and logistics processes
	19	Training on main aspects of finishing and quality control
	20	Development of a pilot project to connect local
Working and environmental status	21	Training on decent labor and implementation of work improvements
	22	Environmental assessment in production process and waste management
Access to finance	23	Linking with existing donor programs and local banks
Providing new qualified labor	24	Areas of improvement of skilled labor current training system
	25	Identification of TVET service providers and creation of models to implement pilots

Priority actions were identified among a complete list of interventions required to achieve the overall desired transformation of the cluster towards realizing its goals and objectives.

- Market research to gain knowledge of trends and consumer preferences
- Training designers and promoting collaboration (improving and training of product development capabilities)
- Temporary exhibition in the West Bank (reverse international business development accessing local and international markets)
- Assessment of technical capacities and identification of new machinery needed (upgrading technical capacities)
- Linking with existing donor programs and local banks for access to finance

4.7

TUNISIA

TABLEWARE CLUSTER

NABEUL

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

Apart from tourism the cluster is the main employer with a few large companies, more than 100 medium-sized ones and several hundred people working at home producing ceramics and embroidered tableware and napkins.

The cluster forms a critical mass comprising 25 to 30 significant enterprises and 100 small workshops with knowledge, skill and international experience.

Ceramics workers include kneaders, machinists, pottery lathe operators, paste makers, finishers, engravers, painters, enamellers, plaster-model fabricators, mold makers and packagers.

Cluster analysis

Official data estimate the size of the cluster in 120 – 130 companies and studios with patents, including

- 10 – 30 big companies, mostly export oriented, with large capacities, flexibility and experience of exporting to Europe and the US e.g. ENNAIM and Slama
- 100 medium-sized studios employing 5 – 10 people covering whole or partial production e.g. Caravan
- Some small studios with fewer than 5 employees e.g. *Azouz Kerkeni*

Independent artisans

- About 150 registered enterprises and studios and artisans without a professional card. Estimates suggest 350 people work at home.
- Their sales are thought to be between € 7 – 8 million with undeclared turnover of about € 1 – 2 million. ONA Group estimates total exports of € 6 million of which Euros 1 million is undeclared

The Nabeul Ceramics cluster focuses on products for the home.

- Ceramics: dishes, tureens, kettles, plates, goblets, pots and tea services. These objects are produced from white and red clay for decorative and design purposes
- Kitchen utensils: pots for cooking on stoves, made with heat resistant fire *clay*
- Table decorations: candlestick, vases, napkin holders as well as lamps and vases
- Embroidery is principally on tablecloths and napkins

Cluster diagnosis

Since the 2011 revolution the cluster size has been decreasing slowly. Some enterprises dependent on tourists became unprofitable.

- Buyers seek lower prices. The cost of energy has risen, which together with other price rises has led to the number of workshops declining
- 20 to 30 businesses export. There are about 100 medium-sized workshops. Undocumented craftsmen work in 150 workshops and 350 people work at home
- There is some collaboration and subcontracting between enterprises on orders that cannot be fulfilled alone, although this is not a systematic approach
- Quality is inconsistent
- Challenges facing the cluster are a drop in tourism, cut-price competition from Asia, subcontracting work out, poor design, dated models and lack of brand knowledge

Strengths

- Important productive capacity
- International experience
- Design capacities
- Training center, technical center, supporting associations

Weaknesses

- Lack of adaptation between existing training and enterprises needs
- Lack of workforce
- Difficult to access funding

Opportunities

- Possibility to reach top of the range distributors
- Possibility to reinforce national network, and to gain market parts against Asian importations of tableware

Threats

- Risks of losing market parts due to the international competition
- Closing risks for workshops due to high raw material prices
- Risk to go back to « low-price » production without add value

Key findings

Local and international tableware buyers interviewed defined the purchasing criteria for cluster products. Among them

- Natura: 150 shops in Spain and abroad
- A Casa Bianca: Online distribution chain soon to open
- Geneviève Lethu (more than 120 shops worldwide) French brand specializing in tableware, cutlery, glasswork, textiles for tables
- Heath Ceramics: American brand which distinguishes itself by design and sells its own and other brands
- Estilo Nordico: Wholesaler representing 7 Scandinavians brands
- Carrefour, Monoprix, Géant
- Local distribution chains: Zen Home, Sweet Home

Purchasing criteria

- Respect for the agreed production conditions of quality, colors and delivery deadlines
- Propose designs that correspond to trends. Buyer may change details, but does not take care of the entire design
- Original packaging is more and more important
- Resume buying local products rather than Asian
- Buying unique handicraft
- Authenticity: emphasizing the history behind the products

Strategic options

Identify the cluster's strategic options to sell tableware, the producers' response to the purchasing criteria and choose from several distribution channels in the world

- B2B supplying hotels, restaurants and businesses
- Subcontract part of the product to supply semi-finished goods to other enterprises
- Subcontractor for mass market selling unbranded products into the mass market such as the retail sector
- Subcontractor for distribution chains: sell products to specialized tableware chains alongside their brands
- Supplier: sell products with the supplier's brand to shops, specialized chains and Online shops
- Supplying own sales outlet

Areas of improvement

Identified points to focus on to improve the value chain

- Design integration
- Training needs
- Raw material and norms
- Quality and production
- Actions for market development (B2B, subcontracting development, own-brand development)

PHASE 3 ACTION PLAN AND EXECUTION

Priority actions

- Develop new collections and integrate design
- Image bank
- Develop creative hubs
- Security norms
- Awareness regarding MP quality
- Introduction to packaging (packaging plus design)
- Awareness of young professional's workplace needs
- Training graduates from Beaux Arts
- Structures for financing
- Search for B2B contacts
- Subcontracting: identify contacts and develop pilots schemes
- Brand and distribution training
- Brand (second year): extensive training
- E-sales: creation of an E-sales web-site
- Creation of a cluster association
- Participation to Sfax, capital of Arabic culture 2016

MOSAIC CLUSTER

EL DJEM

PHASE 1 ANALYSIS AND DIAGNOSIS

Industry analysis

Tunisian mosaic is produced by hand. Tiles for the building sector are produced in a semi-industrial procedure for wall or floor covering. Production is increasing at the rate of 3 percent per year: 23 million square kilometers in 2008, 27.3 million in 2013 out of a global capacity of 40 million. Tunisia planned to reach 27.6 million in 2014.

Despite the appearance of substitute products, such as ceramic and plastic tiles, production of mosaic tiles has increased 35 percent, from TND 112 million in 2008 to TND 152 million in 2013.

Nowadays artistic Eljem mosaic is produced in other Tunisian regions in small workshops in Sousse, Djebal El Oust, Jendouba and Tunis. The only mosaic concentration is in Eljem where the know-how is connected to history and the city's heritage.

Cluster analysis

Mosaic was first developed in the beginning of the 90s, particularly for the artistic sector. In 2000 demand increased and several workshops opened for semi-industrial production.

Within 10 years serious problems arose due to decreasing demand and increased production costs. About 30 percent of the workshops failed. Others reorganized or relegated mosaic to a secondary activity.

Global turnover is estimated by ONA to be €1.5 M, half reserved for exports. Four semi-industrial wall cover enterprises are in operation now. Three are dedicated to wall covering and one also makes artistic mosaic. Clients are architects and builders.

There are independent workers, who work as subcontractors. Tourism's decrease has been mirrored by less active workers in fewer workshops some of whom would if demand picked up. International sales are not significant.

Cluster Diagnostic & SWOT analysis

The Tunisian mosaic industry is concentrated in the Eljem region. which is known for the know-how of its workers who specialize in the reproduction of Roman works, mostly to be found on large historic buildings.

The cluster's size has decreased since the revolution because of the decrease of the tourism and the difficult economic situation. There is a potential of former mosaic workers returning if demand increases.

The market is important but very competitive internationally.

Enterprises and workshops have a long tradition of subcontracting and collaboration on important orders. There is also a "group consciousness" or "cluster" in cities, which capitalize on their unique know-how.

Strengths

- Formed and available workforce
- Technical know-how
- Proximity with cultural heritages
- Artistic capacities
- International reputation in specialized circles, not in mass production)
- Innovation and new production design capacities

Weaknesses

- Bad working conditions: noise, light, heating conditions, air quality
- High raw material prices

Opportunities

- Good relations with support organisations
- Mosaic festival creation
- Touristic attractions (which could be expanded)
- Promoting hand-made and authenticity

Threats

- Decrease of tourism since the revolution
- Lack of funding
- High financial needs
- Necessity to adjust training to needs

Key findings

- Offer attractive modern products
- Reflect consumers preference for colors, forms and designs
- Use design software to preview products to consumers before production
- Integrate glass, glass paste, or other materials the project requires
- Accentuate personalization, be flexible and adapt to projects
- Respect quality and delivery deadlines
- Reinforce the relationship between providers and customers
- Improve enterprise positioning.
- Make brands visible
- Become relevant in the mosaic field

Purchasing criteria

- Being able to offer attractive modern models which correspond to trends
- Offer a variety of glass and glass paste
- Improve personalization and adaptation capacities
- Meet quality requirements

Strategic options

- As an unknown brand with non-personalized products, the cluster has to break into a mass market which targets material chain shops, builders, and private individuals
- Target specialized chains
- Target architects who are products prescribers to communicate to hotels
- Target artists and individuals to improve direct relations
- Target designers and interior decoration shops

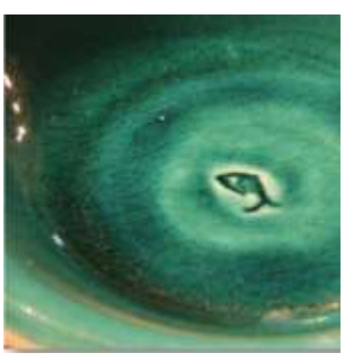
Areas of improvement

- Create a *Made in Eljem* brand
- Develop markets in tourism
- Design, trends and visibility
- Market access
- Trainings
- Funds
- Raw materials and production

Phase 3 Action Plan and Execution

Priority actions

- Create cluster association and foreign collaboration
- Participate in mosaic festival
- Participate in *Sfax, capital of Arabic Culture 2016*
- Participate in *Earth of Universal Peace*, an initiative from the Handicraft House of Sousse
- Develop products for the construction industry
- Raise awareness in national and international markets and participate in a national/international shows
- Raise awareness among institutional buyers
- Develop new glass and glass paste products
- Develop new micro-mosaic jewel products
- Receive training for simulation software
- Brochure development
- Create image bank
- Create 3D website
- Funding access



5 Current Results

5.1 2015 overview

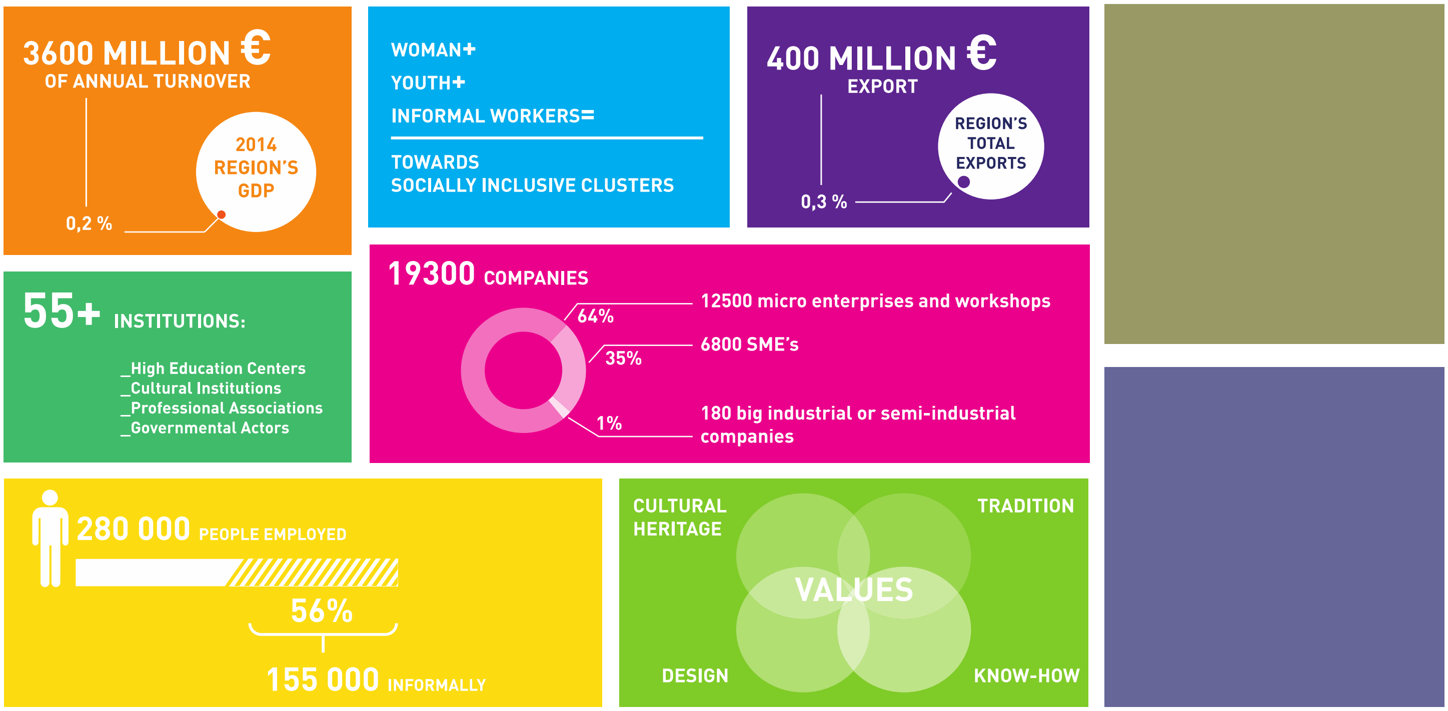
General Overview
The key results until December 2015 are the following ones:

Completion of a mapping of 144 clusters in the creative and cultural industries in 7 beneficiary countries of the South Mediterranean (Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, and Tunisia) representing the only comprehensive overview of the sector in the region.

136 clusters responded to the call for proposals to benefit from the project's technical assistance

Selection of 14 clusters (two by country) by the National Steering Committees including all the project stakeholders (EU Representative, Italian Cooperation representative, UNIDO representative, National Governments, Private Sector Institutions etc.) Those are:

- ***Algeria***: Jewelry cluster in Batna and Copperware cluster in Constantine
- ***Egypt***: Habitat cluster in Cairo and Leather cluster in Cairo
- ***Jordan***: Fashion cluster in Amman
- ***Lebanon***: Jewelry cluster in Beirut and Furniture cluster in Tripoli
- ***Morocco***: Home textile cluster in Casablanca and Interior design cluster in Marrakech
- ***Palestine***: Furniture cluster in Nablus and Traditional Handicrafts cluster in Bethlehem
- ***Tunisia***: Ceramics cluster in El Djem and arts de la table cluster in Nabeul



The 14 clusters (overall potential impact figures), in which the project expects to create positive externalities, include:

292 firms and 200 craftsmen and workshops already engaged in the clusters

- ***Algeria***: 13 SMEs and 100 craftsmen (3 women and 25 youth)
- ***Jordan***: 20 firms (SMEs and individual designers; 9 women and 11 youth)
- ***Palestine***: 35 firms and 20 craftsmen (10 women)
- ***Lebanon***: 35 firms and 80 craftsmen (15 SMEs and 20 workshops)
- ***Egypt***: 99 firms (designers, companies, factories, workshops; 45 women and 65 youth)
- ***Morocco***: 46 firms (2 large companies, 44 SMEs; 13 women and 7 youth)
- ***Tunisia***: 44 firms (SMEs, designers and workshops; 4 women and 18 youth)

High participation of women in the project:

- 74 entrepreneurs
- 3 women (1 from the Jewelry cluster in Lebanon and 2 from the Home textile cluster in Morocco) participated in a study tour in Milan, attending a training and visiting Jewelry cluster and Home textile cluster in Italy
- Training programs in Jordan for micro and SMEs entities in which women represent a high percentage share of labor
- The Bethlehem handicrafts cluster has a majority of women entrepreneurs and the activities aligned in the action plan provide the opportunity for direct empowerment in the fields of business, culture and heritage

More than 50 institutions engaged

17 Private sector associations

- 5 in Lebanon: ALI + 3 industrial associations+ chamber of commerce
- 4 in Palestine: 2 chambers of commerce (Nablus and Bethlehem), Palestinian Federations of Industry, and Palestinian Trade Center
- 2 in Tunisia
- 4 in Morocco
- 3 handicrafts and cultural associations in Jordan

16 Academia institutions/Universities

- 2 in Lebanon (ALBA and Mesrobian College)
- 3 Universities and 1 VTC in Jordan
- 3 in Palestine (University of All-Najah), Art academy in Ramallah, Dar-el-Kalemeh Art and Design college in Bethlehem
- 2 Schools of fine arts and 2 VTCs in Tunisia
- 3 educational institutions in Morocco

9 Financial institutions

- 2 in Lebanon: Kafalat and Thimar Organization
- 3 in Palestine: Italian development cooperation credit line, EU Palestinian Loan Guarantee Scheme, Bank of Palestine
- 2 in Tunisia: Tunisian bank of solidarity and Tunisian bank of financing for SMEs
- 2 in Morocco: BERD and World Bank

8 Museums and NGOs

- 3 in Lebanon: Badguer, National museum, Armenian museum
- 3 museums in Jordan
- 2 in Tunisia: El Bardo and El Jem museums

National ministries and other public institutions

56 studies, analysis, assessments conducted

- 14 detailed diagnostic studies (one per cluster) including: sectoral and industry market research, supply chain analysis, SWOT analysis, cluster diamond analysis
- 14 detailed strategic options (one per cluster) papers including: demand conditions, purchasing criteria, strategic positioning in specific markets and international benchmarking
- 14 creativity and product analysis (one per cluster) including creative strengths and weaknesses, strategic actions to develop a creative ecosystem, areas of improvement in design and marketing
- 14 action plans including around 20 actions per cluster defined, prioritized, and focused on four activities: product development and design; market access; marketing and branding; trainings for the cluster members in response to the challenges identified

98 Training, workshops and workgroups conducted reinforcing the capacities of 2500 participants

- 7 project launching workshops (1 per country) engaging 900 stakeholders in order to:
- Provide an introduction on the programme’s initiation;
- Review the programme’s methodology, mission, vision, timeline, budget and other general aspects;
- Provide an overview of the cultural and creative industries, and start working with the different stakeholders from the public and private sectors;

- Provide insights on the applied approach and expected outcomes.
  - 140 participants in Lebanon
  - 115 participants in Egypt
  - 290 participants in Algeria
  - 20 participants in Jordan
  - 210 participants in Tunisia
  - 65 participants in Morocco
  - 80 participants in Palestine
  - 35 participants from the UfM Secretariat

- 2 training of trainers for Cluster Development Agents (CDAs) with 28 participants

- 14 Design workshops involving 520 participants
  - 4 in Lebanon with 100 participants
  - 2 in Jordan with 40 participants
  - 3 in Tunisia with 210 participants
  - 1 in Morocco with 40 participants
  - 2 in Egypt with 32 participants
  - 2 workshops and 1 conference in Algeria involving 100 participants

- 3 marketing trainings involving 60 participants
  - 2 in Lebanon with 40 participants
  - 1 in Egypt with 20 participants

- 55 clusters meetings and workshops with 1000 participants
  - 5 in Lebanon with 100 participants
  - 10 in Jordan with 40 participants
  - 13 in Palestine with 335 participants
  - 8 in Tunisia with 200 participants
  - In 10 in Morocco with 60 participants
  - 3 in Egypt with 125 participants
  - 6 in Algeria with 100 participants

Partnerships with potential donors

- The project received the labelling of the Union for the Mediterranean (UfM) to complement the EU-UNIDO programme with a project aiming to establish a regional platform for dialogue, exchange of experiences and dissemination of best practices within the cultural and creative business field.

- 5 donors in Tunisia: BERD, BUSINESS MED (European project), MEDI project (Qatar), EU delegation in Tunisia, Italian Cooperation in Beirut

- Meetings with the World Bank and the BERD in Morocco

- ***In Lebanon, based on the diagnostic work done by the project, 1 million USD of Japanese Additional funding for Jewelry value chain was obtained for 2016***

5.2 Output 2.2

Cluster Support Services

The key focus of this output is about design and creativity development. Several activities have been managed in the different countries aiming at fostering the development of the capacities of the companies of the clusters, establishing the most suitable mechanisms in order to reach this objective, such as:

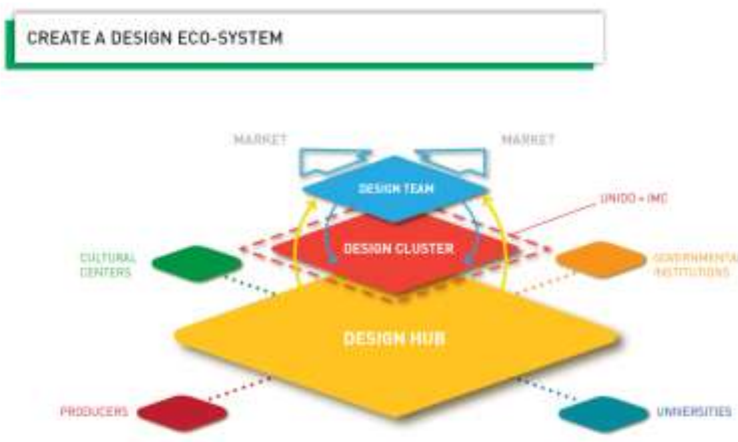
DESSIGN HUB

The Creative Hub in Cairo

The Creative Hub is a **platform** that offers services and spaces to the designers, in order to diffuse design knowledge and culture and improve creativity.

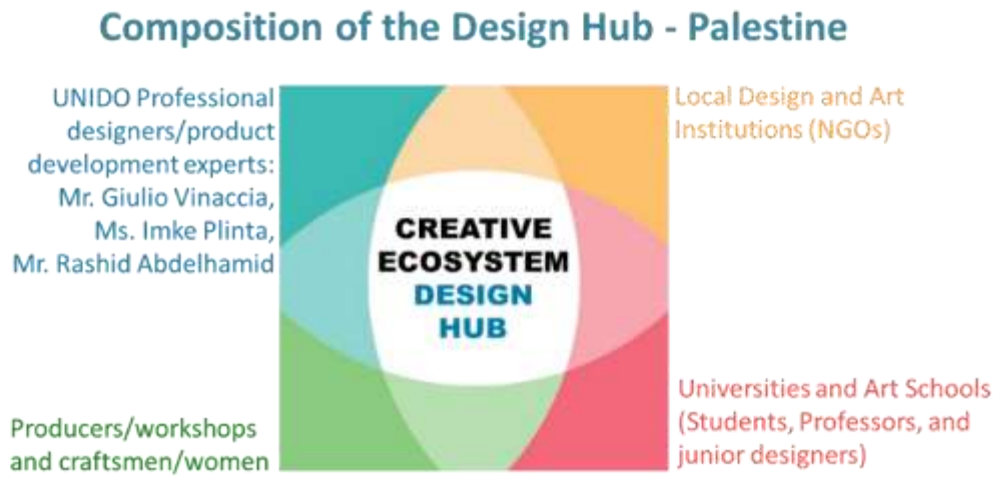
The Hub includes physical spaces like coworking areas and laboratories, besides activities as mentoring and incubation, lectures, conferences, exhibitions and special events.

The Creative Hub Cairo will be at the same time: **an innovation lab., a technological center, a business Incubator and a social enterprise community center**.



The objectives of this creative hub are the following:

- Provide support services and spaces to designers to foster their creative processes and product design.
- Facilitate to Designers the access to resources, infrastructure and equipment necessary to develop successfully their activity and projects (ex. 3D printers, modelling lab, materials library, etc.)
- Promote the entrepreneurship on design activities (incubation area,…), foster the understanding of business prerequisites, and creative entrepreneurs become more visible for customers and other entities.
- Contribute to Improve the visibility of the sector, encourage internationalization, and promote sales activity on foreign markets.
- Facilitate the access to training (bring near Designers courses, lectures, seminars to improve their professional skills and capabilities).
- Support the generation of collaboration opportunities to grow new ideas, business opportunities and creative networking.
- Support young designers that are starting or developing business in the creative industry. Offer to them all the conditions to enable entrepreneurs to develop and grow successfully.
- Integrate the Creative Industries Clusters into the national and international supply chains of the ethnic products and handicrafts and design items, through increasing the competitiveness and market penetration opportunities considering the advantage of their geographical location in natural formed clusters.



Design Hub in Palestine

The setup of the Design Hub – Palestine was possible through the establishment of direct partnership and linkages among a set of professional and specialized institutions as follows:

- Professional designers/product development experts (international and local (through direct UNIDO CCI Project support)
- Local Design and Art Institutions (NGOs) such as: Disarming Design, International Art Academy, Al-Ma'mal, and others.
- Universities and Art Schools (Students, Professors, and junior designers): Al-Najah University in Nablus, Dar Al-Kalimeh College of Arts and Culture in Bethlehem.
- Producers/workshops and craftsmen/women (Key ones interested: Customized solution specialist in Nablus Furniture and Design Specialists in Bethlehem Handcrafts).
- The Design Hub – Palestine as a key product development activity consists of the following components:
- Organization of 3-4 creative workshops for product development focusing on the related objectives and targets (Temporary exhibition, Joint souvenir store, and Christmas market)
- Definition and creation of a core dynamic group within the Design Hub (workshops + designers + partners)
- Coaching and follow ups provided through local professional designer/product development expert
- Presentation and communication for the first developed set of prototypes of the workshops and test into markets (potential buyers)
- Creation of a private Facebook Group to be used an initial electronic platform for exchange of ideas and to serve as a group communication tool
- Establishment of a digital platform to serve as a virtual address and depository for the Design Hub in Palestine

Design workshops

This approach permits to focus on the training of both the designers and the companies to the importance of innovation and design for being more competitive and developing a closer link with the proper cultural heritage of each cluster environment.

Several sessions have been organized in the different countries of the project:

Design workshop in Algeria

- Introductory Workshop : Interpreting Contemporary Jewelry Region Traditional Aures of 5 to 6 September 2015 in the workshop of Batna Training Center .
- Copperware creative development workshop based on traditional designs of the city of Constantine Monday, Tuesday and Wednesday, 7, 8 and 9 September 2015

Design workshop in Egypt

- A Design Workshop was organized from November 3 to November 7, 2015; led by Mr. Vinaccia and IMC. Almost 20 designers and 7 home leather artisans (company managers and workers) have attended the workshop to produce different prototypes.
- The main objective of the Design Workshop is to create a new collection of Home leather products; involving innovative prototypes where new materials, new color combinations, etc are integrated. Designers and leather producers were introduced to each other as a step to further reinforce effective collaboration between Cairo leather and designers' clusters. As different new and innovative designs were selected at the end of the workshop, final prototypes shall be exhibited at FURNEX 2016.

Design workshop in Lebanon

Several workshops around design and creativity have been organized in Lebanon, for the jewellery cluster and for the furniture cluster. Among them;

- Creativity workshop for the Jewelry Cluster (July 2015): participation of seven jewelry designers (Roger Yessayan, Jack Hassakorzian, Mira Sinno, Michel Constantinian, Johnny Constantinian, Vrej Keoshkerian, and Sarhad Aprahamian).
- The objective is to show and teach the designers how they can take inspiration from their Armenian cultural heritage, new trendy jewelry designs that are a demand and need for the international market.
- Design Workshop at ALBA University (May 2015): Around 50 persons attended the workshop from students and representatives from both clusters. The objective was to show how design could change the path of the company or the community.
- In May 2015 a visit was organized to the National and Armenian Museums and Library. The purpose of the visit was to inspire from the cultural Armenian and Lebanese Icons to be used in the design of the light Jewelry collection. Furthermore a meeting was organized with the Director of the Museum to discuss the scope of the CCI Project and the possibility to establish a cooperation agreement.

- Design Workshop with AlBA Students and Armenian Designers: 3-days seminar organized where students were divided into 4 groups with one jewelry designer from Bourj hammoud. At the end of the workshop, each group of students presented their design collection and the Design Expert provided his comments and recommendations for improvements.

Design workshop in Palestine

The project team launched the Design Hub – Palestine by implementing the first Creative Workshop (December 2 – 12 2015) to kick off the establishment of the design network and achieved key objectives

- Identification of all main stakeholders to take part in the Design Hub and the setup of the network
- Infusing and utilizing a wide range of symbols from Palestinian culture and heritage into industrial design and product development
- Creation of the first pool of ideas
- Creation of dynamics to connect designers to craftsmen / craftswomen
- Establishing and installing the links between designers and workshops in Bethlehem and Nablus for testing and prototyping, ensuring feasibility and visibility of concepts

Creative Workshop goals achieved

- Starting the first action responding to the CCI Clusters in Palestine priorities as part of the support provided by the *Development of Clusters in Cultural and Creative Industries in the Southern Mediterranean* project.
- The workshop put together around 15 designers, artists, architects, and students from Nablus, Bethlehem, and Jerusalem. Those participants were chosen through a selection process based on an Open Call for Designers.
- The thinking, ideation, and creating of new products was effectively animated and coached by two product development and design experts from UNIDO Ms. Imke Plinta (Germany/France) and Mr. Rashid Abdelhamid (Palestine).
- Participants were introduced to a systematic design and product development process and facilitated an exchange of information and feedback among product design trainees who expressed opinions and interest in the initial concepts
- A collection of first conceptual designs was achieved for the two clusters: Bethlehem (Handcrafts) and Nablus (Furniture).
- Constructing solid follow up actions to be pursued with clusters' crafts' men and women, potential buyers, and participating designers to further the product development process prior setting up of the 2nd creative workshop planned for February 2016.

Design workshop in Tunisia

An initiation design workshop was held June 11, 2015 at the School Of Fine Arts and Crafts Center of Nabeul. This workshop was for students with the participation of craftsmen. The objective was to disseminate design culture among students and conduct practical exercises with the artisans. A design workshop was held from November 30 to 4 December 2015 for more than 60 craftsmen and students from the school.

5.3

Output 2.3

Market Penetration

Several activities have been organized in order to improve the connections of the companies of the 14 clusters with their market.

Apart from the numerous interviews with buyers that have been managed during the purchase criteria analysis phase, some contacts have been established in order to develop long-term relationships with strategic partners. Several examples are presented below:

1. HABITAT

A partnership to develop that capacities of the clusters to respond to international markets was developped with Habitat, with the following results:

- 18 companies of Morocco, Algeria, Tunisia and Egypt sent samples to Habitat
- Ongoing talks in Morocco
- As a first result, 2 companies in Tunisia received purchasing orders and 4 others are under negotiation.

2. IKEA

IKEA has shown interest in participating through its CSR programme (free range) as discussions were held with the head of the Sustainability department in December 2015 in Vienna.

- Visits of their suppliers in Romania (ceramics) and Turkey (textile)
- Visits to clusters in Tunisia, Morocco and Jordan are planned for 2016

3. COPPERSMITH

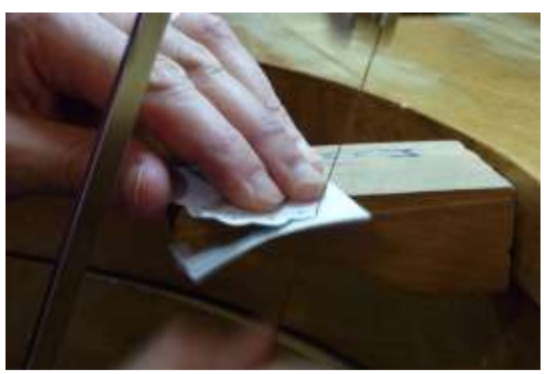
CopperSmith is an American copperware company. Linkages and a matchmaking visit was organized with Algeria.

Commitment was made to kick start the product line and artisan communities by purchasing no less than $150,000 in product inventory to facilitate sales in U.S.

CopperSmith will add all products to Alibaba to solicit wholesale and retail accounts in countries around the world..

Products can be shipped directly from Algeria to final destination country via minimum orders.

UNIDO and Coppersmith will work together with Constantine to assist the craftsman with the demands and challenges they will face producing the product line & transforming their businesses.



4. MOUNT SCOPUS HOTEL – JERUSALEM

Proposal for the design concept of the Mount Scopus Hotel –Jerusalem, as part of Design Hub activities in Palestine. Proposal aims at creating linkages in between local designers, the cluster and owner for the design and development of a renovation project located in Jerusalem East.

The project will supervise the implementation of the concept and follow up on the processing and delivery of products supplied by the CCI clusters in Palestine

5. SEEME

SeeMe is a fair trade certified organization that empowers women victims of violence to lead independent lives through the provision of sustainable work. SeeMe is the result of a decade of work in Middle East and North Africa.

In collaboration with UNIDO’s project ‘Developing of clusters in cultural and creative industries in the Southern Mediterranean’ and Jacques Levon, a renowned Armenian jeweller from Bourj Hammoud in Beirut the iconic SeeMe heart has been transformed into a precious piece thanks to the ancestral skills.

The collection is conceived with the Dutch designer Peter Bedner.

5.4 Output 2.4

COMMUNICATION AND VISIBILITY

A. EVENTS

Presentation of the project at key national and international events have been conducted

- Expo Milan
- UNIDO General Conference
- Euro-Mediterranean Industrial Conference
- TCI Network - The Competitiveness Institute in Korea
- Salon de l'artisanat Tunis
- Furnex Egypt

Example in Egypt

Alexandria Crafts Festival

The two clusters of CCI Egypt have Participated in the second round of the Festival of Egyptian Professions; organized by the BIBLIOTHECA ALEXANDRINA Center for Francophone Cultural Activities from October 11 to October 13, 2015; in partnership with the Egyptian Junior Businessmen's initiative "Work" where different products from both leather and designers clusters were exhibited. The festival is supported and promoted by a select group of sponsors, including the Ministry of Tourism, Fair Trade Egypt, the French Chamber of Commerce in Egypt, the EJB, Al-Adham Co. for Smart Cars, Al Ahram Hebdo, the Craftsmen Association of Senegal, and the Nadar Arts Foundation in San Louis, Senegal.

The project succeeded throughout the festival's bazar to fulfill the following: 1) raised awareness on the project and its main goals, 2) introduce the leather and designers clusters' products to the audience, 3) emphasize cooperation with the EJB; CCI's new partner, and 4) Exchange experiencesand ideas with some Senegal Leather exhibitors.

UN-Day Egypt

The United Nations, in cooperation with the Egyptian Ministry of Foreign Affairs celebrated its 70th anniversary and Egypt's seat at the Security Council on October 24th, 2015, at al Gezirah Youth Centre in Zamalek. Main focus was on the United Nations projects in Egypt, highlighting the stories and successes of products and beneficiaries of the United Nations projects and programs in Egypt, where the beneficiaries sold handicrafts and food, as well as shared their success stories.

CCI Egypt; with both Leather and Habitat Designers clusters had the opportunity to increase the visibility of the clusters' products and also raise awareness on the UNDIO CCI Project. Different officials from the Ministry of Foreign Affairs and the United Nations in Cairo expressed their interest in the project and there was an opportunity for the CCI team to hold media interviews, and network with officials from the United Nations, Ministry of Foreign Affairs, project directors and beneficiaries of the various United Nations programs and projects.

Cairo Fashion Festival – Agora Bazar

The CCI project and Cairo Festival City Mall have succeeded to launch a new developmental initiative to stimulate talents of leather and habitat design. Under the name of “Artistique”, the new initiative aimed to support an array of talented local habitat and leather designers and give them the exposure and support they deserve by designating a display booth, “Artistique”, for their products as part of the largest runway show “Cairo Fashion Festival” on November 7, 2015, hosted by CFCM twice a year. The opening celebration was attended by a number of officials from the UNIDO as well as Cairo Festival City Mall’s management.

This initiative aimed also to uncover unique creative talents, particularly local designers that have been chosen to participate in this initiative; thanks to their ability to contribute to the development of creativity and innovation in Egypt.

Cairo Festival City Mall was hence selected as the starting point for this project, representing a pivot in creative and cultural industries in Egypt as well as the Mediterranean region. Cairo Festival City Mall is highly supportive of Egyptian brands and creative designs, which can further help the UNIDO’s initiative achieve maximum reach and exposure.

B. MEDIA

The project benefited from important media coverage in beneficiary countries such as illustrated in the following table (Non exhaustive)

Country	Titles of press coverage	Media outlet name	Date of publication	Languages
Algeria	Projet dédié aux industries culturelles et créatives dans le Sud de la Méditerranée: Une assistance technique pour les dinandiers de Constantine	L'ECONEWS	Mars 2015	French
	Industries culturelles et créatives dans le sud de la Méditerranée: Une formation de qualité pour les dinandiers de Constantine	HORIZONS	Mars 2015	French
	Constantine / Batna / Artisanat: Une assistance technique pour les dinandiers et les bijoutiers	REPORTERS	Mars 2015	French
	AÏCHA PTAGABOU, MINISTRE DÉLÉGUÉ, CHARGÉE DE L'ARTISANAT : «La dinanderie de Constantine est unique au monde»	LE SOIR D'ALGERIE	Septembre 2015	French
	Le cluster des bijoutiers de batna, une initiative prometteuse	APS	Octobre 2015	French
	Mme-tagabou lance à Batna la première formation en conception de bijoux en 3d	APS	Octobre 2015	French
	Artisanat: examen samedi à Constantine des opportunités d'exportation vers les Etats Unis	ALGERIE PRESSE SERVICE	Décembre 2015	French
	Partenariat algéro-américain "La dinanderie constantinoise sera exportée vers les USA"	L'ECONEWS	Décembre 2015	French
	CONSTANTINE: UNE ÉTAPE FRANCHIT VERS L'EXPORTATION DES PRODUITS DE LA DINANDERIE	LA LICCAL	Décembre 2015	French
Morocco	"Industrie culturelle : Sur la trace des districts italiens"	L'économiste	13-Jan-16	French
Tunisia	Tunis: L'ONUDI lance un cluster pour les industries culturelles	Mafrican Manager	17/6/14	French
	Quand renaissent la mosaïque et la céramique tunisiennes	Webdo (journal éléctronique)	31/8/15	French
	L'ONUDI lance un nouveau projet de développement des clusters dans les industries culturelles et créatives en Tunisie	Centre d'information des Nations Unies Tunis	N/A	French
	L'ONUDI lance un nouveau projet d'appui au développement des clusters dans les industries culturelles et créatives en Tunisie	N/A	N/A	French
	Reportage	Maghreb tv	N/A	N/A
	Reportage à la télévision Nationale (la créativité et l'écosystème cratif)	Télévision Nationale 1	Avril 2015	Arabe
	Interview avec Radio Tunis Internationale pour promouvoir l'atelier sur la créativité et la présentation du projet	RTCI	Avril 2015	francais
	Interview avec expresse fm pour présenter le projet	Express fm	Avril 2015	Arabe

Country	Titles of press coverage	Media outlet name	Date of publication	Languages
Egypt	"An amount of 5.6 million Euros was allocated for the development of clusters in cultural and creative industries"	Akhbar El-Youm	7/2/15	Arabic
	"Launching the conference on the development of clusters"	Akhbar El-Youm	4/2/15	Arabic
	"Good Morning Egypt - Interview with Mr. Gerardo PATACCONI, UNIDO Project Manager and Chief Cluster and Business Linkages, Mrs. Nahla Kamal, CCI National Project Coordinator-Egypt, and Mr. Hisham El-Gazzar, Vice Chairman of Egyptian Export Council for Handicrafts"	Egyptian State TV, Channel 1	4/2/15	Arabic
	"The European Union funds 5.6 million Euros project to support clusters. UNIDO is working to find alternative solutions in energy resources in Egypt"	Baladna El Youm	3/2/15	Arabic
	"An aspect of the conference launching the project on the development of clusters in cultural and creative industries in the Southern Mediterranean"	ONTV	3/2/15	Arabic
	"An aspect of the conference launching the project on the development of clusters in cultural and creative industries in the Southern Mediterranean"	El-Gornal.net	3/2/15	Arabic
	"An aspect of the conference launching the development of clusters in cultural and creative industries"	Egypt News	3/2/15	Arabic
	"The amount of 5.6 million Euros was granted by the European Union and Italy to the project for the development of clusters"	Al-Borsa	3/2/15	Arabic
	"European Union: implementation of the project on the development of clusters in Egypt"	Al-Borsa	2/2/15	Arabic
	"European Union: implementation of the project on the development of clusters in Egypt"	Beta Akhbarak	31/1/15	Arabic
	"European Union: implementation of the project on the development of clusters in Egypt"	Al-Ahram Gate	29/1/15	Arabic
	"Supporting Egyptian Talents in Leather and Habitat Designs in Collaboration with the United Nations Industrial Development Organization (UNIDO). The opening of the "Artistique" Booth to display selected products of the creative designs in leather and habitat at Cairo Festival City Mall. CFCM is keen to push forward Egypt's creativity and production , and support national economy"	Akhbar El-Youm	4/11/15	Arabic
	"Supporting Egyptian Talents in Leather and Habitat Designs in Collaboration with the United Nations Industrial Development Organization (UNIDO). The opening of the "Artistique" Booth to display selected products of the creative designs in leather and habitat at Cairo Festival City Mall. CFCM is keen to push forward Egypt's creativity and production , and support national economy"	Gomhuria	5/11/2015	Arabic
	"Supporting Egyptian Talents in Leather and Habitat Designs in Collaboration with the United Nations Industrial Development Organization (UNIDO). The opening of the "Artistique" Booth to display selected products of the creative designs in leather and habitat at Cairo Festival City Mall. CFCM is keen to push forward Egypt's creativity and production , and support national economy"	Al-Borsa	7/11/15	Arabic
	"Cairo Festival City Mall supports talents of designers and producers of leather and habitat sectors"	Vetogate	5/11/2015	Arabic
	"CFCM is keen to push forward Egypt's creativity and production , and support national economy"	Al-Bawaba news	6/11/15	Arabic
	"CFCM exhibits selective products for creative designers"	Al-Araby news	5/11/2015	Arabic
	"CFCM is keen to push forward Egypt's creativity and production , and support national economy"	Alam Al-Mal	6/11/15	Arabic

Country	Titles of press coverage	Media outlet name	Date of publication	Languages
PALESTINE	"UNIDO launches the Nablus Furniture Cluster"	Print: Al-Ayyam Newspaper, WAFA – National News Agency, Web: maannews.net, raya.ps, pal-chambers.org, ekhbaryat.ps, naba.ps, Radio: Raya FM TV/Youtube: Palestine TV, Nablus TV, various Youtube Channels	30-Jan-2015	Arabic
	"UNIDO holds consultative meetings with the Nablus Furniture Cluster"	Print: Al-Ayyam Newspaper, Web: alwatanvoice.com, kufiyah.ps, alakhbar.ps, nablus-chamber.org	13-April-2015	Arabic
	"Nablus Furniture Cluster progresses with solid steps towards realizing its objectives"	Print: Al-Ayyam Newspaper Web: maannews.net, shafaqna.com, alakhbar.ps, nablus-chamber.org	11-July-2015	Arabic
	"UNIDO: Furniture Cluster in Nablus finalizes the development action plan"	Print: Al-Ayyam Newspaper, Alhaya Newspaper Web: raya.ps, shafaqna.com, alakhbar.ps, nablus-chamber.org	11-oct-15	Arabic
	"UNIDO holds 3rd Cluster Meeting for the Furniture Cluster in Nablus"	Print: Alhaya Newspaper Web: maannews.net, raya.ps, alwatanvoice.com, kufiyah.ps, alakhbar.ps	12-oct-15	Arabic
	"UNIDO launches Bethlehem Treasures Cluster"	Print: Al-Quds Newspaper Radio: Mawwal FM Web: pal-chambers.org, Bethlehem-chamber.org, maannews.net TV: Palestine TV + youtube	11-feb-15	Arabic
	"UNIDO holds consultative meeting with members of the Bethlehem Treasures Cluster"	Print: Al-Quds Newspaper, Al-Ayyam Newspaper Web: maannews.net, alwatanvoice.com	20-April-2015	Arabic
	"Bethlehem Treasures Cluster explores strategic directions with UNIDO"	Print: Al-Quds Newspaper, Alhaya Newspaper Web: maannews.net, raya.ps, alwatanvoice.com, kufiyah.ps, alakhbar.ps	16-June-2015	Arabic
	"UNIDO explores means to ensure facilitated movement of goods to external markets"	Print: Al-Quds Newspaper, Al-Ayyam Newspaper Web: maannews.net, alwatanvoice.com	4-sept-15	Arabic
	"Minister of National Economy discusses further collaboration on creativity and innovation with UNIDO"	Print: Al-Quds Newspaper, Al-Ayyam Newspaper, Alhaya Newspaper Web: maannews.net, alwatanvoice.com	7-oct-15	Arabic
	"UNIDO Adopts the Action Plan for the Bethlehem Treasures Cluster"	Print: Al-Quds Newspaper, Alhaya Newspaper Web: maannews.net, raya.ps, alwatanvoice.com, kufiyah.ps, alakhbar.ps	8-oct-15	Arabic

Country	Titles of press coverage	Media outlet name	Date of publication	Languages
Lebanon	"L'ONUDI soutient la joaillerie et l'ameublement de Bourj Hammoud et Tripoli"	L'Orient le jour	13/11/14	French
	"Hajj Hassan: Protect productive sectors"	The daily Star Lebanon	13/11/14	English
	"Hajj Hassan"	Al Balad	13/11/14	Arabic
	"Hajj Hassan: Preparations for the project"	Addiyar	13/11/14	Arabic
	"Hajj Hassan: The launch of a project to support furnitures and clothing and handi-crafts	Al Safeer	13/11/14	Arabic
	"The industry and UNIDO are doing a project, improving production"	Al Joumhouria	13/11/14	Arabic
	"The European Union funds the project on the development of clusters in cultural and creative industries"	Annahar	13/11/14	Arabic
	"Hajj Hassan, head of the meeting of the project cluster development in the cultural and creative industries"	Al Anwar	13/11/14	Arabic
	"Hajj Hassan: develop knowledge and technology in quality"	Al-Binaa	13/11/14	Arabic
	"Release of the project for launching the development of clusters in cultural and creative industries"	Annahar	13/11/14	Arabic
	"5.6 million Euros to support clusters"	Al Safeer	13/11/14	Arabic
	"Hajj Hassan: release of the project for launching the development of clusters in cultural and creative industries"	Addiyar	13/11/14	Arabic
	"Launching of the project the development of clusters in cultural and creative industries"	Aliwaa	13/11/14	Arabic
	"Launching of the project the development of clusters in cultural and creative industries"	Al Balad	13/11/14	Arabic
	"The development of clusters in cultural and creative industries"	Al Joumhouria	13/11/14	Arabic
	“Les bijoutiers de Bourj Hammoud s’allient pour briller a l’etranger”	L’Orient LE JOUR	19-August-15	French
	“Un cluster pour tenter de sauver les meubles a Tripoli”	L’Orient LE JOUR	06-July-15	French
Jordan	« Second Steering Committee Meeting held »	JEDCO	9/12/15	Arabic
	« CCI Steering Committee Meeting »	Petra News	9/12/15	Arabic
	« Design Working group launching »	GSC	/11/2015	Arabic

CREATIVE MEDITERRANEAN | resilience through creativity

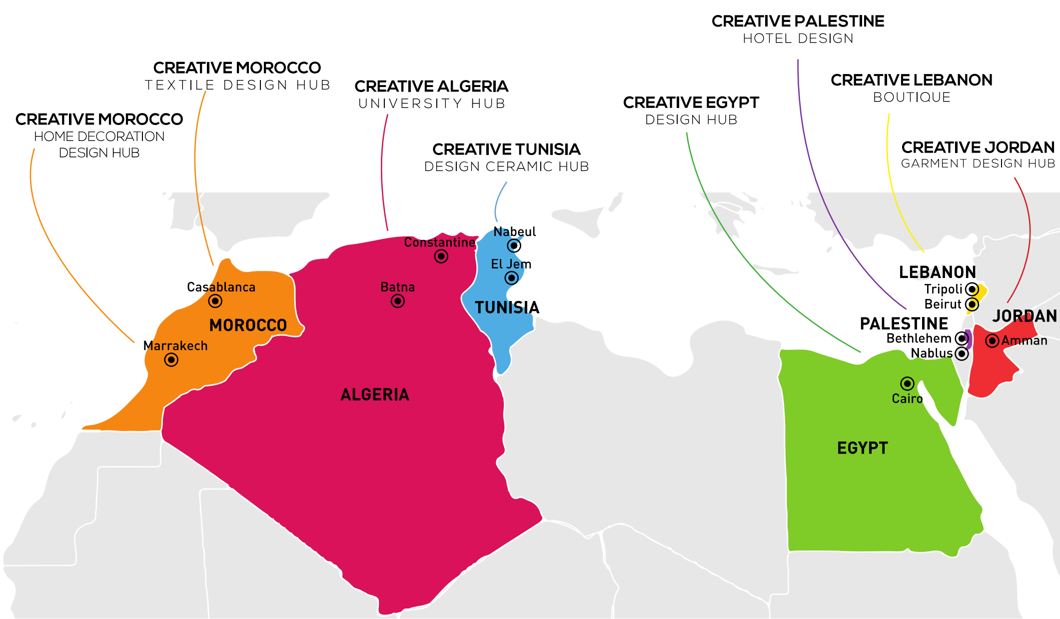
Creative Mediterranean
A market access, branding and communication platform is under development within the project: 'Creative Mediterranean, resilience through creativity' will become the branding instrument to support sustainable and inclusive development through CCI Clusters in the region.

Objectives

1. Create an identity for the project, and make it live
2. Increase the visibility of the project, and of the donors
3. Increase business volumes for our clusters (market access)

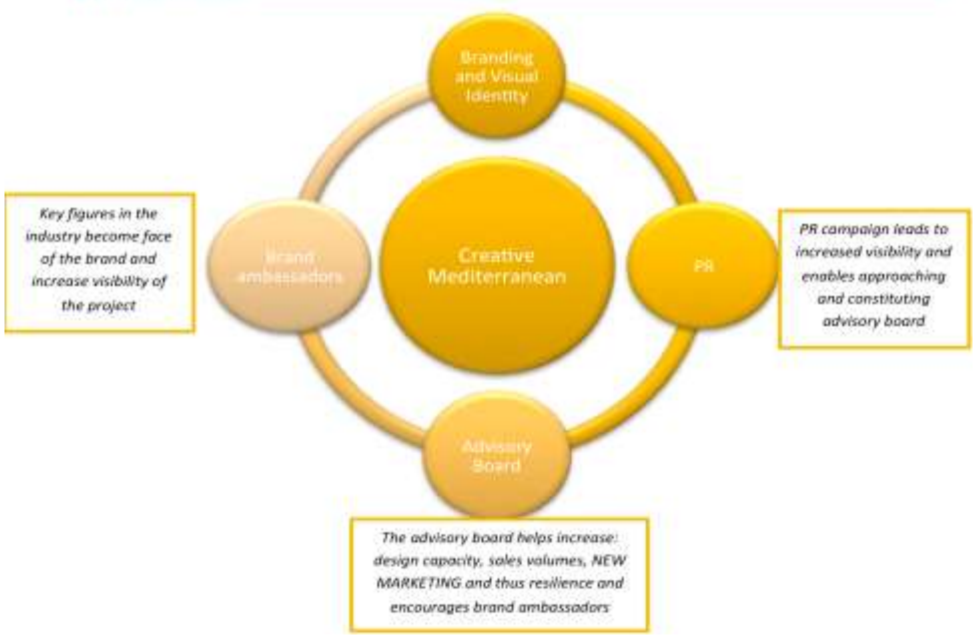
Outputs (deliverables)

1. Awareness campaign on resilience through creativity in sensitive regions
2. Branding and visual identity for the project under Creative Mediterranean
3. Gain visibility through high-level outlets and contacts and
4. public relations campaign
5. Development of communication supports (articles, website, videos, social media, newsletters, banners, posters, etc.)
6. Establishment of an advisory board (see below)
7. Obtain relays in the business world (brand ambassadors)
8. Increased visibility for our Design Hubs



Market access strategies	Advisory Board	Market Segmentation	Points of leverage
• Best potential markets, distribution channels and key buyers, • Review of trade barriers; • Strategic options: B2B or B2C, online/ retail… market access • Zero-cost advertisement on specialized magazine/media	• Assess and understand the requirements and opportunities to link with key buyers in the EU market • Convening a group advisory board composed of: key buyers, marketing experts, digital experts, designers, foundations….	• Fair trade parallel market of distribution and sales buyers • High-end and luxury distributors and buyers • Museum and art galleries • Project market • Mainstream middle range….	• Ethical and sustainable sourcing/CSR • Highly skilled/local culture based handicraft • Low labour cost for skilled artians • Strategic option to gain buy-in from artisans in the cluster • High visibility • Clusters: quantity and sustainability

Implementation:



5.5 Monitoring and Evaluation

A. M&E Framework

The CCI monitoring framework builds on the general UNIDO Monitoring Framework for Cluster Development Initiatives, adapted to the specifics of the CCI project. Due to the large number of countries involved, there is a trade-off between finding general indicators that can be adopted in all countries and fine-tuning them to the specific contexts of the respective participating countries. Moreover, attitudes towards sharing information are different in the respective project countries so that obtaining all data in the same level of detail requires additional analyses.

As a result, general indicators have been used to guarantee their adaptability toward many different contexts and the possibility to be aggregated for the entire project. However, the use of standard indicators in all project countries will not only allow for the aggregation of results of the entire regional project but also facilitate a comparison between the different clusters and sectors involved (ex. Jewelry).

The data will be collected by the cluster development agents (CDAs) using 4 different data collection tools:

- **a business level survey** (BLS), which is a survey conducted among direct beneficiaries;
- **a service providers' survey** (SPS), conducted among key service providers in the clusters
- **a clusterometro**, which is a tool to obtain a subjective assessment by the cluster stakeholders on the status of the development of a cluster, in particular with respect to the coordination among actors and their capacity of innovation; and
- **records keeping (RK)** forms to be filled out by the CDA

When possible, focus group discussions (FGD) (one with cluster entrepreneurs and another one with workers) are held to obtain additional qualitative information.

Data collection instruments are designed after consultations with the Project Management Team and the CDAs of supported clusters. The latter are responsible for the collection and cluster-level aggregation of the data, which is then aggregated at the regional level by the M&E specialist. Narrative summaries are important to explain underperformance or deviations from the plan and provide some qualitative information. Where the monitoring data highlights problem areas, recommendations for corrective action should be elaborated. Several options and scenarios on their implications should be developed to then choose the best way forward.

In this regard and for the purpose of the monitoring and evaluation of the CCI Project, the cluster performance entails three dimensions (TRIPLE BOTTOM LINE):

- **Economic aspects** such as returns and profits, innovation, and sales
- **Environmental aspects** that are reflected in more efficient use of energy and environmental resources (water and raw material) and reduced waste and pollution, and
- **Social aspects** such as better working conditions, stronger community-business ties, and enhanced gender equality at the workplace

B. M&E Framework

The **Monitoring Plan** below summarizes data collection tools, responsibilities, and frequencies.

WHAT?		For WHOM?	WHEN?	HOW?	WHO?		
Result Level	Key Performance Indicators (KPIs)	Decision maker(s)	Frequency	Data collection method/tool	Person responsible for data collection	Format and frequency of reporting	Responsible person for aggregation
Impact	• Business Performance (Scale, Sales, Quality, Market access) • Social Performance (Creative Jobs Creation, Improved Work Conditions) • Environmental Performance (improved waste management, improved energy efficiency)	• Project Manager	1x per year	Business Level Survey (BLS) Records keeping, Where possible: Focus Group Discussion	CDA	Raw data plus summary stats plus narrative	On cluster level: CDA, on regional level: M&E Expert
Outcome	• Joint Actions (creation of inter-firm linkages, level of inter-frim collaboration) • Improved capacities (product design and marketing capacities, capacity for innovation) • Availability, accessibility and quality of BDS • Institutional strengthening of cluster • Replication throughout the ENP region	• Project Manager	2x per year	Records Keeping, every 12months using BLS (triangulation)	CDA	Raw data plus summary stats plus narrative	On cluster level: CDA, on regional level: M&E Expert
Activities & Outputs	• Facilitation of linkages • Capacity Building • Development of market penetration strategies • Development of communication and visibility plan	• CDA • Project Manager	Quarterly	Records Keeping	CDA	Raw data plus summary stats plus narrative	On cluster level: CDA, on regional level: M&E Expert

Data collection plan

Tool	Purpose	Responsibility					Frequency	2015				2016				2017			
		Design of Survey Instrument	Data Collection	Data entry	Data analysis & Reporting	Reporting to		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Records Keeping	CDA keeps track of ongoing events and other activities within the cluster Monitor implementation of activities, level of involvement of stakeholders	CDA / M&E Specialist	CDA	CDA	CDA	PM	cont. collection; quaterly reporting				Quaterly progress report due mid nov								
Bi-annual Business Level Survey	Interviews with cluster enterpreneurs Monitor involvement of entrepreneurs in association, cluster events & joint actions Monitor performance of cluster firms (tripple bottom line)	PM / M&E Specialist	CDA	CDA	M&E Specialist / CDA	PM	every 6 months				Data collection: mid oct - mid nov (deadline for data mid nov)								
Service Provider Survey	Interviews with service providers Assess availability, accessibility, sustainability and quality of services	PM / M&E Specialist	CDA	CDA	M&E Specialist / CDA	PM	every 6 months												
Clustero metro	assessment of cluster-stakeholders' perception of development of cluster in relation to coordination and capacity to innovate	PM / M&E Specialist	CDA	CDA	M&E Specialist / CDA	Stake-holders PM	every 6 months												

C. M&E KEY RESULTS

The first year of project's activities included the diagnosis and analysis of sectors and support clusters, vision building and strategic directions identification, and action planning. The construction of baseline and measuring of key results for the first year of implementation highlighted solid progress towards the attainment of key objectives of the project in mid to long terms with direct focus on job creation, market access, and business volumes.

Scale of project beneficiaries:

- **347** entrepreneurs directly benefited from the project activities since start of the project, of which **89** are women representing 26% of direct beneficiaries.

Level of interfirm linkages and collective cooperation:

- Level of **horizontal cooperation** increased by **211%** illustrating the extent to which cluster firms are associated with the objective of carrying out joint actions
- Level of **vertical collaboration** increased by **132.7%** demonstrating the extent to which cluster firms meet with suppliers of equipment and input materials
- **40 joint actions** were realized by direct beneficiaries/cluster members in the project's countries including areas such as purchases, sales, marketing activities, participations at trade fairs, subcontracting, customized services, and investments

Improved product design and marketing capacities:

- **35** diversification of **new products** (variations / adaptations to specific market / target group) were launched by direct beneficiaries since start of the project

Institutional Strengthening of Clusters:

- **46.15%** of the supported clusters have developed **supporting structure / governance body / mechanism for coordination** among their members
- **100%** of the supported clusters have developed an **operationalized cluster strategy** (objectives set, measures determined and budgeted for)

Capacities of and networks among cluster firms:

- **510** entrepreneurs trained in **networking and clustering** in participating countries, of which **108** are female entrepreneurs and **218** are youth entrepreneurs representing an achievement by 146%, 62%, and 251% of targeted results respectively.
- **100%** of engaged cluster actors have **received technical assistance** on identified gaps of the selected CCI value chains to implement approved action plans

- **21 institutions of the over 50 engaged in the project** (such as Ministries, Universities, Chambers of Commerce, Local Economic Development Agencies, SME support institutions, R&D centers) have been **strengthened** in terms of cluster development, creative industries development, product and service development, strategic business advice and market penetration
- **85 business-side meetings**, sensitization events, exposure visits etc. for direct beneficiaries facilitated by the CDAs

Cluster Support Services Platforms (CSSP) for cluster and CCIs' development:

- **1 CSSP** established out of 7 (Design Hub – Palestine)
- **145** entrepreneurs trained in **entrepreneurship and marketing skills** of which **1** is a female entrepreneur
- **181** entrepreneurs trained in **product development through design workshops** of which **73** are female entrepreneurs

Development of the domestic, regional and eventually export markets:

- **21** beneficiaries exposed to **international markets** through cluster activities (Trade Fairs, B2B, linkages, etc.), of which **16** were assisted in **market access follow-up** activities

Results are dissemination and integration into regional policies:

- **Over 255,000** persons reached with **dissemination activities** (web-based platforms, final conference, PR strategy… etc.)
- **3 out of 7** project countries have developed a **formal CCI strategy** to integrate into industrial cluster and/or MSME policies

Communication and visibility plan:

- **4 brochures and promotional packages** are prepared per year
- **10 press releases** were widely disseminated
- **2 regional events** were organized by the project
- **40** relevant **selected participants** present at regional conferences conducted
- **85 awareness workshops** conducted per year (in participating countries)
- **40 key events** in which project methodology was presented (at local and international level)

6 Next Steps

Action plans for 2016

The following outline the actions to be carried out in each cluster of the 14 clusters and the expected results within a certain timeframe for each action.

6.1 ALGERIA

CONSTANTINE COPPERWARE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Enhancing copperware workshop conditions	• Reference examples presentation • Lobbying • Study tour	• April
Enhancing workshops' work and health conditions	• Elaboration of a best practice guide • Awareness event	• May • October
Youth awareness raising for copperware activities/ jobs	• Awareness campaign preparation • Dissemination activities • Awareness tour • Closing event	• May • June • July • August
Introduction to marketing and communication	• Seminar 1 • Seminar 2 • Seminar 3	• 2015 • February • April
Creation of a Cluster structure	• Cluster Creation	• May
Creation of a Constantine copperware symbol bank	• Creation of physical and numerical supports • Presentation	• August • September
Support to implementation and creation of the origin brand « Dinanderie de Constantine »	• Specifications and accreditation process elaboration • Marketing and communication plan	• September • December
Development of new product lines	• Workgroups with craftsmen, designers and students • Trade fairs preparation	• December
International markets	• Export consortium creation • Product development	• October
Development of Cluster communication plan (web site + social medias)	• Communication plan elaboration • Communication activities	• May • Start in June
Development of professional market	• Buyers data base elaboration • B2B actions and events	• March • Start in March
Technical training	• Training 1 • Training 2	• October • December
Technological improvement	• Grouped purchases	• Start in April
Preserving the environment	• Research study and recommendations to related institutions	• October
Creation of an image bank and handicrafts platform	• Image bank creation and monitoring	• start in May
Creation of a trend observatory	• Identification of main institutions in Algeria	• August

BATNA JEWELLERY CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Creation of a Cluster structure	• Cluster Creation	• May
Creation of a Design Hub	• Concept presentation to stakeholders • Design training • 3D printer	• April • June • August
Creation of an image bank and handicrafts platform	• image bank creation and monitoring	• start in May
Creation of a trend observatory	• identification of main institutions in Algeria	• August
Introduction to marketing and communication	• Seminar 1 • Seminar 2 • Seminar 3	• 2015 • February • April
Development of a Job regulation guide	• Development of a Job regulation guide	• April
Access to quality raw materials and implementation of quality control	• Research study and recommendations	• September
Enhancement of professional training : partnership with local jewellery school	• Identification of partnership opportunities • Field mission	• October
Development of professional market	• Buyers data base elaboration • B2B actions and events	• March • Start in March
Support in access to finance	• Companies needs assessment • monitoring	• June • Start in July
Creation of a Aurès jewellery symbol bank	• Seminars and research study	• Start in February
Technical training	• 4 training sessions	• May
“beaux arts” students introduction to the jewellery minor	• Introduction of 4 jewellery workshops	• September
Development and awareness raising to modern equipment	• Development of a reference product line	• September
Support in acquisition of modern equipment	• Companies’ needs assessment and in terms of equipment and training	• March
Brand development and distribution	• Discussion with handicraft ministry on the work plan	• February
Development of Cluster communication plan (web site + social medias)	• Communication plan elaboration • Communication activities	• May • Start in June
Conception and implementation of jewellery trade fair	• Concept • Communication plan • organisation	• January • May • October

6.2 EGYPT

CAIRO LEATHER CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Technical training offered to young trainers, workers & workshops to improve skills & attract more labor to the industry	15 trainers from the Faculty of Home Economics trained, 100 workers trained and 30 new jobs created (23 M, 7 F)	January to December
Organize a training session on design management awareness and basic design understanding to companies' managers and/or workers.	60 company managers and workers trained, 10 female entrepreneurs directly benefited and design capacities enhanced	March to April
Tanneries. Training on new techniques and formulas to produce high quality tanned leather.	20 workers, tannery managers, and tanning consultants trained on new tanning techniques	April to July
Pricing Courses for companies and workshops.	60 company and finance managers trained and pricing skills enhanced	February
Marketing courses for leather goods producers (including use of social media tools).	30 company and/or Marketing managers trained and MKTG skills enhanced	February to April
Integrate Design, Organize Design Workshops and Develop new collections	6 leather workers/. Managers/owners design awareness raised, networking skills strengthened and new leather habitat products exposed in international exhibitions (FURNEX in Feb 2016)	February
Set a program to Finance Investments in New Machinery and Prototyping.	15 companies to be involved in the Access to Finance Program	June to December
Support «product brand» creation & development	30 company and/or Marketing managers trained and at least 5 brands and/or branding strategies developed and linked to countries' images and market demands	March to June
Facilitate the Access of Cluster Leather Products to Russia	19 new prototypes produced and marketed, and at least 5 companies participating in the Mosshoe fair	March to September
Arrange and Participate in Seasonal exclusive events to present collections to local retailers and customers	42 companies (6 companies participating in each of the 8 events) assisted in market access activities as participating in seasonal events	May to December - (CFCM agreement to be extended to 2017)
Connect and facilitate sales agreements with local retailers (shops, malls,…).	10 sales agreement with local retailers are facilitated and at least 5 orders placed with local retailers	April to July
Create a formal entity for the cluster	Cluster NGO established (Yes/No), and % share of overall cluster budget financed by cluster members	January to December
Create a website for the cluster with internal use –data base- and external use –visibility.	Website established; (Yes/No), with website designer selected, website content defined, and a cluster image (a logo, corporate colors, etc) planned	June to December
Create a common brand for the cluster «Egyptian genuine Leather» / « Egyptian Creative leather» to highlight new leather	• Logo and branding elaborated and validated (Yes/No) • Common brand communicated to cluster entities and business community • Disseminating 8 e-flyers/ newsletters	June to December

HABITAT DESIGNERS CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Technical training program to designers.	75 Designers trained and their technical skills improved	March to December
Trainings to manage social development projects (training in action).	5 Designers' knowledge of social development projects developed	January
Business and marketing training to designers.	100 Designers trained in entrepreneurship and marketing skills	2016
Design Hub –support services to the cluster members.	Designers Hub established and offers its services to the designers of Egypt.	March
Matchmaking events between designers and workshops.	20 Designers introduced to workshops, which will facilitate the production of their designs	April to December
Promote special finance to Designers and Workshops for investments in machinery and prototyping.	20 Designers introduced to Access to Finance Program that will help in the growth of their businesses	July
Target new clients in Cairo. Support designers in events to target expats & young people.	30 Designers to participate in events which gives them access to increase their sales and get feedback from the customers on their products	May to December
Market expansion. Support designers to participate in events outside Cairo (Alexandria, Sharm or Hurghada).	6 Designers to participate in events outside Cairo and gain access to B2B opportunities	TBD
Designers support to other clusters in creating new designs.	40 Designers to participate in a design workshop to create new designs for other clusters, the new designs helps in improving the competitiveness of the clusters	November
Create network of NGO and entities to promote the use of design services.	10 Designers to offer their design services NGOs	January to December
Create a website on the Internet with internal use data base.	Create the cluster's website and launch it	March to July

6.3

JORDAN

AMMAN FASHION & TEXTILE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Develop New Collection	• Continue fabric and design research. • Select short listed designers' team. • Assign tasks for team. • Production of prototypes. • Graphic design for the collection. • Communication activities	• Jan – May • Jan – May • Jan – May • March – July • March – July • May – Dec.
Raise awareness on Green Labeling	• Conduct presentations on potential green labels.	• March - May
Develop Joint Purchase System	• Conduct production survey. • Perform trail exercises. • Develop joint purchasing mode.	• May – Decr
Build Website / E-Directory	• Assign Developer. Build website/directory for Industry	• July – Sept.
Branding Training	• Assign Branding experts. • Conduct research. • Set and provide branding and branding management training.	• Starting Sept.

6.4

LEBANON

TRIPOLI FURNITURE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Creation of a modern collection (high end and commercial line)	New Collection designed	March – November
Market Research on Furniture Needs and Trends for the Gulf Countries and Europe (jointly with Nablus Cluster)	Identification of potential projects and trends in the gulf countries and in the European Markets	April – June
Support for the development of communication tools & branding for some cluster agents	Visual Identity and communication tools created for some cluster members	May - August
Participation in National and Regional Exhibitions	Visibility for the furniture cluster in Lebanon & Region	April - May
Business management training for small workshops	Capacity Building on Business Skills created for Cluster members	March - April
Technical Training on Furniture for the Youth in Tripoli	Decrease unemployment rate in Tripoli and job creation for youth in Furniture	March - April
Identification of equipment needs	Technical Specifications of Equipment are identified	January - February
International Tender for the Equipment	Equipment for furniture cluster are purchased	April – June
Detection of support mechanisms for financing	Linkages to Banks/Kafalat	2016
Initiatives for sub/co-contractors identification of buyers	Identification and linkages with potential buyers	June - December
Identification of national and international targets	Identification and linkages with potential buyers	June - December
Pilot collaborations with European retailers Validation of the cluster management entity and governance structure	Identification and linkages with potential buyers	June - December
Validation of the cluster management entity and governance structure	Cluster entity is cleat with adequate governance structure	January - March
Optimize the administrative management for export procedures		April – June

BOURJ HAMMOUD JEWELLERY CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Local designers training	Jewellery Designers are trained with ALBA students	May
Cultural identity reinforcement	Cultural Exchange with Armenian Heritage is maintained	May - June
Development of light jewellery fashion line (Giulio)	New Collection designed	April - July
Development of high end line of products (Giulio)	New Collection designed	April - July
Marketing & branding training and support of promotion tools	Communications tools for some Cluster agents	March - June
Business management training for small workshops	Capacity Building on Business Skills for Cluster Agents	March - April
Technical training for designers and workshops (3d DESIGN Training)	Jewellers Masters of Bourj Hammoud are trained on 3D Jewellery Design	March - April
Detection of support mechanisms for financing equipment	Establish linkages with banks	2016
B2B pilot with European designers (Catarina & Business Developer)	Establish linkages with buyers and retailers in Europe and Gulf	March - July
Market research and identification of national and international targets Council of Buyers	Establish linkages with buyers and retailers in Europe and Gulf	April - May
B2B pilot with European Retailers: Participation in national &international Exhibition (cost sharing /one booth for several agents)	Establish linkages with buyers and retailers in Europe and Gulf	March - July
Definition of a cluster management entity and legal structure	By laws of the Jewellery Cluster in Bourj Hammoud is ready	January - July
Benchmark study of jewellery clusters: Valenza and Istanbul	Benchmark Study	June - September
Support for the development of cluster communication tools	Communication tools fort he Created Cluster (website/Brochure/Brand identity)	June - September

6.5 MOROCCO

CASABLANCA HOME TEXTILE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Design departments diagnosis and restructuration	• 10 design departments audited and recommendations (equipment, process, training)	• January - March
Design training	• Entrepreneurs and design teams trained	• April - December
Creative Hub	• Creation of a design hub in collaboration with ESITH and CMA delivering design services to companies (trainings, trends, creative workshops)	• March - December
Product development in collaboration with international designers	• Matchmaking with international designers (designer database) • Access to finance (Maroc PME) • New product lines developed	• 2016
Shifting production towards finished goods	• Workgroups between weavers and finished goods producers • Industrialization of "Salon Marocain" (Dolidol project) • Business plan	• February – April • April – 2017 • December 2016
Improving raw materials sourcing	• Raw materials needs assessment • Creation of a raw materials sourcing platform within CMA	• April • April - July
Training in Marketing and communication	• Marketing and communication teams trained + coaching sessions (1/quarter)	February - September
Development of a co-contracting offer	• Developing companies skills (design, CRM training) and creation of communication tools	April - June
Developing linkages with HORECA market	• Research study on Moroccan HORECA sector Match making with HORECA clients	March - December
Introduction to branding and distribution strategy	• Teams trained • Development of strong brands and well know at national and international level	• September • September - 2017
Accessing international markets	• Research study (Europe, Africa, Middle East)	• April - June
Creation of a cluster structure	• Creation of a cluster structure	• 2015 - February
Development of cluster communication tools	• Website, community management, promotional tools	• April - July
Building linkages	• Development of new linkages with the private and public sector (new clients, institutional development programs, access to finance)	• January - December
Development of a major in Home Textile design within CMA	• Visit of a reference school, university, to identify best practices and build partnerships	• September - October
Mutualisation	• Develop sourcing and logistic joint actions	• May - 2017

MARRAKECH DECORATION & FURNITURE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Training in Marketing and communication	• Marketing and communication teams trained + coaching sessions (1/quarter)	• April - September
Development of cluster communication tools	• Website, community management, promotional tools	• January - April
Support in acquisition of modern equipment	• Companies' needs assessment and in terms of equipment and training • Access to finance (Maroc PME)	• January - May
Training on quality control and Social & Environmental Responsibility	• Raising awareness session • Workgroups with technical centers in order to improve their quality of service to Cluster companies (CTTH, CETEMCO) •	• September • March - September •
Supporting cluster companies in access to finance	• Signed partnership with Maroc PME regarding joint and individual activities • Submitting to FAC program (ministry of Industry)	• January - May • March - December
Creative Hub	• Creation of a design hub delivering design services to companies (trainings, trends, creative workshops, designers database)	• March - December
Biennale de Marrakech	• Participating to the event to increase visibility of the Cluster	• January - April
Development of a co-contracting offer	• Developing companies skills (design, CRM training) and creation of communication tools	• May - June
Introduction to branding and distribution strategy	• Teams trained • Development of strong brands and well know at national and international level	• September • September - 2017
Developing linkages with HORECA market	• Research study on Moroccan HORECA sector • Match making with HORECA clients	• March - December
Accessing international markets	• Research study (Europe, Africa, Middle East)	• April - June
Developing linkages with the tourism sector	• Integration of Cluster companies and products within tourism sector communication	• April
Creation of a cluster structure	• Creation of a cluster structure	• 2015 - January
Youth vocational training and awareness raising on handicrafts	• Workgroups between cluster companies and training institutions in order to adapt training programs • Provide jobs for youth within the region	• February – April • 2017
Meeting with different administrations (customs, office des changes)	• Facilitate interactions, information and training, and facilitate procedures	• January - April
Mutualisation	• Develop sourcing and logistic joint actions	• March - 2017
Inter- cluster partnerships	• Visiting a successful Cluster, exchange best practices and build partnerships	• November

6.6 PALESTINE

NABLUS FURNITURE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Design hub creation and activation. Ideation, prototyping and development of a new product line	Improving and training of product development capabilities	December 2015 – December 2016
Market research on potential customers and strategies to enter markets like Jordan & Gulf markets	Business development - accessing local & international markets	January – April 2016
Training on communication and marketing to improve own brands and its awareness	Development of a marketing – branding – retail strategy	June 2016
Training on ways to optimize production and logistics processes	Standardized quality + optimization of production and logistics processes and development of better service to customers	June - September 2016
Training on main aspects of finishing and quality control for all workshops	Standardized quality + optimization of production and logistics processes and development of better service to customers	June - September 2016

BETHLEHEM HANDICRAFT CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Identification & market research of main international markets to develop Christmas and religious markets	Creation of Market knowledge (Tourism and Christmas Markets)	January – April 2016
Creation of a symbolics repertory as tool box for innovation	Enhance design capabilities and improve product development	March 2016
Design hub creation and activation. Ideation, prototyping and development of a new product line	Enhance design capabilities and improve product development	December 2015 – December 2016
Analysis and development of common story and values to position companies in specific joint actions	Improve marketing skills and boost positioning in targeted markets	June 2016
Implementation of a set of marketing materials as part of positioning under Bethlehem brand	Improve marketing skills and boost positioning in targeted markets	June – September 2016
Business plan and Setup of Joint souvenir store in Bethlehem for better positioning of products	Improve marketing skills and boost positioning in targeted markets	October 2016 - Jan 2017
Setup of a networking event with a selective group of souvenir shops	Create linkages with local tourism market	June – September 2016
Joint positioning action in a target Christmas market	Identification and penetration of new international markets	March - December 2016/December 2017

6.7

TUNISIA

NABEUL TABLEWARE CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Development of new collections and integration of design	• Inserting 10 designers within 10 companies • Developing a new collection for each single company • Inserting students in the design process through internships and work in collaboration with designers	• January -April
Creation of a creative Hub	• Creating an image bank • Development of a trend observatory • Implementing design projects for cluster companies	• Start in April
Security norms	• Raising awareness for 40 cluster companies and deliver technical trainings to improve product quality	• March
Awareness raising on raw material quality	• Raising awareness for 50 cluster companies helping them improve quality of raw material	• April
Supporting companies in access to finance	• Present BERD support programs to 30 Cluster companies and support them in the process of accessing funds	• March
Youth sensitization	• Develop awareness raising events for 200 young people in order to insert them in training centres and provide qualified workforce for the cluster companies	• June - August
Training of “beaux arts” students	• Provide technical training on ceramic jobs for 20 to 30 students in order to insert them in the cluster companies	• September
Training in Marketing	• Training of 30 entrepreneurs on business plan elaboration • Supporting 10 companies in developing their business plan in order to benefit from “tasdir plus” program • Training on marketing for university students	• February - March
Matchmaking with professional clients (B2B)	• Develop new contracts for 5 companies with Habitat	• January - February
Sub contacting : buyers identification and pilot development	• Develop contracts for 2 cluster companies with a Canadian buyers	• February
Training in branding and distribution strategy	• Branding training: 30 companies, 10 designers and 20 students • Support 5 companies in their own brand development	• October
Develop an e-commerce platform	• Develop an e-commerce platform for cluster companies	• April - September
Creation of a cluster structure	• Creation of a cluster structure	• March
Attending “salon de l’artisanat”	• Present the new cluster product line	• April - May
Attending an international trade fair (Maison & Objets/ Ambiente)	• 10 companies attend the trade fair	• September
Increasing Nabeul Cluster visibility trough a promotional event	• Promotional event	• August

EL JEM MOSAIC CLUSTER

ACTION TITLE	EXPECTED RESULTS	TIME FRAME 2016
Creation of a cluster structure	• Creation of a cluster structure	• January - April
Attending “festival de la mosaïque”	• Increase cluster visibility • Provide companies with opportunity to sell products • Matchmaking with architects, B2B	• Start in April
Attending « Sfax capitale de la culture arabe 2016 »	• Promoting mosaic as a cultural heritage • Provide companies with opportunity to sell products •	• May
Attending « La terre de la paix universelle » de la Maison de l’artisan de Sousse	• Matchmaking and exchange of good practice with French companies (9 Cluster companies)	• January
Develop products for construction market	• Develop products for construction market (5 companies)	• February
Attending a national trade fair	• Provide companies with opportunity to promote and sell products	• April – May - August
Attending an international trade fair	• Target a construction trade fair in France (5 companies)	• September - October
Awareness raising for local institutions	• Encourage national and local institutions to purchase local cluster products for public buildings	• Start in April
Creating new product lines using glass/ molten glass	• Training of 10 craftsmen on new techniques	• March - April
Developing new products: Micro mosaic jewellery	• Creative workshops with designers in order to develop a micro mosaic collection	• February - March
Training and acquisition of a simulation software	• 10 craftsmen and 20 students trained	• October
Support in promotional tools development (catalogues)	• Create promotional tools for 15 companies	• April - September
Developing a website	• Website to promote cluster products	• April - June
Supporting companies in access to finance	• Supporting 4 companies in developing their business plan in order to benefit from “tasdir plus” program	• February

6.8 Regional activities Work Plan

Output	Activity	Timeframe
2.1 Cluster Development **2.2 CCI Support Services** **2.3 Market Penetration**	Implementation of priority actions (on average 6 per cluster= 84) in terms of: - Technical assistance in value chain gaps (trainings, capacity building,) - Product development (workshops and quality upgrading) - Market access (export promotion business linkages, fairs, B2B and partnerships) - Access to finance	January -December 2016
2.2 CCI Support Services	Signing of institutional partnerships to strengthen cluster development assistance and creative industries development	January -December 2016
2.2 CCI Support Services	Set up of design hubs	January-June 2016
3.1 Dissemination and Replication	Fundraising for implementation of action plans and replication	January -December 2016
3.1 Dissemination and Replication	Regional Ministerial conference on Creative Industries and Clusters (UFM driven)	November 2016
3.2 Communication and visibility	Creative Med: implementation of communication platform and advisory board	January -December 2016

7 Project Governance

Steering Committees

At a national level

A Project Steering Committee (PSC) was established in each partner country to ensure the consistency and adequacy of the activities conducted at the national level. Each national PSC evaluated the responses to the national expressions of interest and preselected two clusters as candidates for technical support. PSCs are co-chaired by the United Nations Industrial Development Organization (UNIDO) and the respective national coordinator of the Euro-Mediterranean Charter for Enterprise.

PSCs also gather representatives of the European Union delegation and of the Italian Development Cooperation, national or international finance institutions and other relevant stakeholders, and, above all, the private sector. They meet regularly and provide guidance on the implementation of project activities at the national level as well as on the respective plans to replicate the project.

At a regional level

A Project Approval Committee (PAC) was established to:

- Ensure the consistency and adequacy of the activities conducted within the project at the regional level
- Provide strategic guidance on the implementation of the project and facilitate coordination with various project stakeholders at the regional level
- Assess the progress of the project and make recommendations on project outputs and outcomes to the project team
- Provide linkages and establish

synergies with other regional initiatives related to SMEs development, cluster development and creative and cultural industries development
- Meet at least once a year to assess the progress of the project and provide strategic advice on the way forward — paying special attention to the possibility of replicating the project on a larger scale across the region — and provide policy advice to promote the development and sustainability of SMEs clusters in the region

The Project Approval Committee is formed by the Chairperson and a representative of the private sector of each of the Project Steering Committees, a representative of the European Commission (EC), a representative of the Italian Ministry of Foreign Affairs/Italian Development Cooperation, a representative of the United Nations Industrial Development Organization (UNIDO) and a representative of the Union for the Mediterranean (UfM).

In their absence members will nominate a representative to attend the meetings of the PAC. The minimum number of members (quorum) for the Project Approval Committee meetings shall be one representative for each participating country.

UNIDO shall act as the Secretary of the Project Approval Committee and facilitate the following items:

- Setting the agenda for each meeting
- Ensuring that the agenda and supporting materials are delivered to members in preparation for the meetings
- Preparing the minutes of the meetings and obtaining clearance from PAC members
- Reviewing and following up on the progress made on PAC decisions

CREATIVE MEDITERRANEAN | resilience through creativity

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