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Intergrated Embroidery Centre, Otelarilor Romania

Good Practice

New for 2002

Categories: Poverty Eradication:
- income generation
- job creation
Economic Development:
- enterprise development (formal and informal sectors)
Urban Governance:
- partnership development

Level of Activity: City/Town

Ecosystem: Continental

Summary

The project aimed at joining several entrepreneurs in the field of textile clothing; the carrying out of their activities contributed to raising the number of working places. The innovative characteristic consisted in using up to date cutting and embroidering technologies that ensure the high quality of the manufactured products. Beneficiaries were both firms and individuals.

The project consisted in buying a cutting machine and an embroidering machine. They were placed in a special room with an area of 300 m². It was in that place that the cutting and embroidering of the various clothes were made. The working hand was mainly selected from the unemployed (especially women) who had attended training courses organized by the county Department of Employment and Social Security. The assembling of the products was done at the trained person's places. The finished products were saleable on the local market (especially by Galatex S.A.), on other domestic markets and on the foreign market by those firms that had concluded agreements (especially Cozamin LTD). In the project were hired 208 unemployed persons, most of them women. That was an economical mean of supporting the unemployment fund. By being employed the unemployed were turned from consumers fund into resources fund.

Raw materials were supplied by both specialized companies in the county (Galfirtex S.A., S.F. Tex S.A.) and by other partner companies in this country.

The activity carried out in this centre was profitable and the success of the project enabled its further development. Thus, the profits gained were reinvested in the same kind of activities with a view to maintaining the same technological level.

Also, the partners firms could use the cutting or the embroidering purchased equipment any time they wanted.

The selection of equipment was based on the Phare buying strategy according to which the most financially and technically advantageous offer is to be chosen.

Narrative

The situation before the initiative began

Industry was the most influential activity for the general economic state of the county; it had major social consequences brought about by the restructuring process. The highest percentage in terms of industry production value, i.e. 83,6% was given by the ironwork industry.

In the last year, small and medium enterprises were developed in different fields, especially in textile clotting industry domain. These firms were endowed with non-performance equipments physically and morally worn. That imposed, more and more, the tendency to act in an institutionalised organized frame.

The members of Consortium desired that the project become the first step from an entire series of projects that in the future to adapt the Galati textile clotting industry to European standard.

The success of this project was a good example that contributed to emergence a new private firm in the area.

Also, Cozamin SRL the direct beneficiary and one of the members of Consortium, has implemented the assurances quality system being certificated ISO 9001 under TÄœV SUDDENTSCHLAND.

Establishment of priorities

Drawing up of an efficient and viable partnership between the firms acting in the field of textile clotting in order to get specialised services to a high technical level without damming the development of its own business;

Growing up the goods and services competitively made to European Community technological and professional standards and the firms capacity to export, to act in a environment based on competition and to accede on the world market;

Economical capitalisation of local resources (ideas, projects, specialists, financing) through the involvement of the local labour force in activities oriented to production through complex technological invention programmes based on results transfer.

Increasing the level of employment by creating a programme for professional integration of unemployed woman.

Formulation of objectives and strategies

After the market research done by the Gala?i Foundation for Promotion of Private Small and Medium Sizes Enterprises and, after the analyses made by the institutions involved at local level it has been concluded that on the market of the Galati County the textile clothing industry was not developed enough and the demand for high-quality products has permanently increased. The County Department of Employment and Social Security supplied information, which showed that in Galati County was a high rate of unemployed people, most of them, being women fired by the big state owned firms in the last years. The other members of the consortium that launched this project proposal as a first stage in a long series of subsequent cooperation's have also ascertained these requirements.

Therefore the objectives of the project are the following:

- To induce the use of new technology in textile industry;
- To manufacture textile clothing at a high quality level;
- To draw up a programmer for the professional integration of unemployed women.

Mobilisation of resources

The direct resources on which that project was based were:

- Human resources: the consulting team, the competence of the specialists involved in the consortium, expertise, ability and local traditions;
- Financial resources: some of the firms involved in it financed the project;
- Information resources: awareness of the present and future opportunities in the zone. There was also information of a legislative, economic and juridical nature that could be provided by the Chamber of

Commerce and Industry and Gala?i Foundation for Promotion of Private Small and Medium Sizes Enterprises.

At the time when the project was implemented the population of the Galati County was 643.017 inhabitants out of which 328.058 people lived in Galati City.

According to the information supplied by the County Department of Statistics the highest number of inhabitants was aged between 15 and 49. That part of the population was physically active and less liable to getting ill.

An important aspect that was taken into consideration when drafting the project concerned the unemployed.

The registered unemployed are individuals able to work that could not be employed because of a shortage of working places. (Law no. 1/1991, republished in 1994) and who were registered at the workforce office.

Process

The problems faced in implementing the initiative were:

- Â· The equipment acquisition was late due to the necessity to put into effect the Phare procedures of goods/services contraction;
- Â· The auction documentation approbation was received later by the unit responsible with the management of FIDEL programme;
- Â· The rates were received late;
- Â· The intermediary and final reports were approved heavily;
- Â· The change rates fluctuated because the proposals were made in currency;
- Â· The reticence of small and medium enterprises concerning the viability of this program.

The organisations and institutions participated in the initiative are the Member of Consortium made from:

- Institutions with an important role in the development of SME's: the Chamber of Commerce and Industry, Gala?i Foundation for Promotion of Private Small and Medium Sizes Enterprises, the National Committee / Corporation of SME's - Galati Branch;
- Main local authorities: The Galati Local Government and County Council;
- The textile companies, members of the Consortium, represent 42% from the existing ones, so there is no real possibility to jeopardize the competition;
- The most important trading company: SIDEX S.A. (now ISPAT SIDEX S.A.);
- The representatives of the Employment and Social Security Department and of the Education Department - Work and Labour Protection Agency - Galati Branch, the Foundation "The Romanian Business School" - Galati Branch.

Trading companies were directly involved in the implementation of the project by supplying special quality products.

The other members of the consortium also played a major role in the local economic development and their involvement reflects the interests of the population in the area.

The Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises and the Chamber of Commerce and Industry were the main coordinators of that project and took an active part in its fulfilment.

The firms gathered into a Local Consortium including local authorities, customers of the beneficiary firms, institutions interested in the local development. Out of the 17 firms that were active in that field in the Galati County, 6 belong into consortium; the rest of them appreciated the investment as convenient.

The members of the consortium contributed to the project as follows:

- Â· The County Department of Employment and Social Security organized selection and training courses for the unemployed;
- Â· "Lower Danube" University supplied rooms where courses were taught;
- Â· Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises was the organization responsible for the design and the implementation of the project, also providing consultancy prior to submission of the project;

Â· The Chamber of Commerce and Industry, the Local Government, the County Council pursued the implementation of the project and support the relationship between local authorities, non-governmental organisations and firms;
Â· ADINA LTD, Arta Confectiilor C.A., Brocart LTD, Boboc & Ghermaneanu LTD provided further markets for the products;
Â· Galfirtex S.A., S.F. Tex S.A. supplied the necessary raw materials
Â· Galatex S.A. sold part of the products.

The members of the Consortium CCI-RO-DUNAREA DE JOS II decided to form a "managerial team" made from manager of the project and the representatives of the trade companies involved in the project's achievement. Thus, they were entitled to verify the surveying of all the project steps, e.g. their sequence and time of performing.

The public institutions representatives (Local Government, Galati County Council, Galati Chamber of Commerce and Industry, the "Lower Danube" University) were part of a "consultative and control team" of the project that compared the level of the main projects indicators with the realized one. Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises performed the project's monitoring and all the activities connected with the project.

Results achieved

The financing of the project and the project proposal itself were innovative and consequently has made the local enterprises to consider their development from a different perspective.

They came to the conclusion that it could be an advantage for them to get specialized services at a high technical level without having their own business impeded.

The activity showed that a consortium was more efficient than each and every firm considered separately especially because it was created new jobs.

Supplying these services in the area was an alternative with indirect advantages for imports.

Concerning the benefits of the local economy they were drawn from the income taxes paid by the firms after they have developed.

By manufacturing these products in the country the risk of price fluctuations (due to the Leu-dollar exchange rate fluctuation) was avoided and new modern technologies was brought to this area. At the same time local products were better known.

Another result expected from this project was connected with occasioning new working places and qualifying the employees. That was an economical mean of supporting the unemployment fund. By being employed the unemployed were turned from consumers fund into resources fund.

Other expectations concerned the following:

Â· To make the local community adjust more and more to the EC technological and professional standards

Â· To make products and services more competitive. Economic units should have been competitive and have access to foreign markets.

Sustainability

Being profitable the activity showed that a consortium was more efficient than each and every firm considered separately especially because it created new jobs.

The incomes obtained were and are reinvested for increase of technological capacity enterprises, a better quality of products and services and for the growing up of work productivity.

Lessons learned

The novelty and success of this project was an incentive to the factors influencing local economic development in the sense of their subsequent involvement into similar projects in other fields of activity (aluminium woodwork industry, food industry, zootechnics).

Also, the creation of an effectiveness and viable partnership between the firms from the field of textile clothing has proven that it could be an advantage for them to get specialized services at a high

technical level without having their own business impeded.

After the successful of this project, the local actors were interested in involving in similar projects that arouse their interest. Thus, they could warrant for the implementation of a project together with SME in the zone.

The project has proven that cooperation between organizations and local institutions from Galati had a large role concerning local development objectives achievement.

By manufacturing these products in the country the risk of price fluctuations (due to the Leu-dollar exchange rate fluctuation) was avoided and new modern technologies were brought to that area. At the same time local products were better known.

Transferability

The success of this project represented a good exemplum that contributed to new projects emergence in the area, which meant an important objective sustained by the consortium. Thus, in the last years, Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises promoted two financing projects.

The first project - PROMOPOL- consisted in infrastructure achievement for organisation themes exhibition manifestations that concerned small and medium enterprises from South - East Region. The partners of that project were: Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises, Chamber of Commerce and Industry, Galati County Council and C.C.I. Veritas S.R.L. In the first year of implementation of that project it was done:

Â· The promotion of 90 firms as part of 6 exhibition manifestation;

Â· The enlargement of customers portfolio for 75 firms;

Â· The creation of 15 new work places by the participant small and medium enterprises;

Â· The improvement of goods/services quality made by small and medium enterprises through exactly knowledge of customers' requests.

The second project - CONSULTANCY STOCK EXCHANGE CENTRE - had as main goal to accord speciality consultation concerning function of stock markets, of capital market and assurance capital and the support of small and medium enterprises sector development.

The partners in that project was: Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises, Chamber of Commerce and Industry and Galati Commodity exchange.

The local community proposed for financing other projects that used partnership model promoted by Integrated Embroidery Centre like: "Technological Development Centre", "Technological Park with Incubation Unit for small and medium enterprises" and "Business Incubator".

Key Dates

22 December 1997 - the signature of the Phare Financing Contract between Fiman and Galati Foundation for Promotion of Private Small and Medium Sizes Enterprises;

April - August 1998 - the training and the employing of 97 unemployed;

15 August 1998 - the arriving and the mounting of equipment;

15 October 1998 - the starting of Integrated Embroidery Centre activity;

January - Jun 1999 - the training and the employing of 111 unemployed;

References

Title of Article

Publication: PROMETEU

Volume: nr 6 din March 1998

Page: nr.5

Rubric: PROGRAMMES

Title of Article: Foundation for Promotion of Private Small and Medium sizes Enterprises get involved in local development projects - Integrated Embroidery Centre

Author: Laurentiu Drasoveanu

Publication: VIATA LIBERA

Page: nr. 7

Rubric: Galati Chamber of Commerce and Industry at the balance sheet hour

Title of article: The stimulation of local economic

Author: Cristi Luca

In the book "The Guide of FIDEL local projects" printing by (UE and FIMAN) was made the presentation of project.

That project was part of Management College of Galati Chamber of Commerce and Industry Rapport regarding 1997 activity, presenting on 17 June 1998 by the General Manager Traian Mandru at the General Assembly of members of Galati Chamber of Commerce and Industry.

Also, there were announcements concerning the opening of Integrated Embroidery Centre in different publications like:

VIATA LIBERA:

From 15 to 30 October 1998, from 14 to 20 November 1998;

4 December the Convocation of General Assembly of Consortium member's.

PROMETEU nr. 6 from November 1998.

VIATA LIBERA: On 4,8,10 February 1999 edited announcements concerning the activity and services offered by

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Type of Organization: Community-based organisation (CBO)

Nominating Organization

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Partners

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Type of Partner Support: Administrative Support

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Type of Partner Support: Financial Support

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Type of Partner Support: Political Support

Financial Profile

Year	Total Budget	Partner A (% of the budget)	Partner B (% of the budget)
1998 (ECU)	Â	98230 - arrangement and endowment centre 7247 - training personnel	8316 - consultation 6239 - promotion 6300 - general expenses

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