



NGO Bosnian Handicrafts **2008 ANNUAL REPORT**

www.bhcrafts.org

**13 YEARS OF
IMPROVING LIVES
AND TRANSFORMING SOCIETY**

**BY HELPING WOMEN EARN A LIVING
THROUGH
TRADITIONAL CRAFTSMANSHIP**



**YOU CAN HELP US TOO
THROUGH
PURCHASE OF OUR PRODUCTS**

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BACKGROUND

The handicraft project run by UHD Bosanske rukotvorine is a large scale project that is providing a secure income to up to 700 craft producers in Bosnia and Hercegovina each year. Most of the producers are poor or otherwise marginalized from society, being primarily unemployed, poorly educated rural women. The statistics show that approximately 200 to 250 women are engaged on a regular basis throughout the year, while an additional 400 to 450 are employed on a temporary basis, depending on market demand, and the organization's ability to provide income generation to these women.

The organization invests heavily in sustaining the program and promoting crafts from B&H, including:

The purchase of raw materials and production equipment, such as yarn, looms, knitting needles, etc.;

Marketing activities, including market research, attendance at international trade fairs, maintaining and extending networks of sales representatives, developing retail shops in country, etc.;

Promotional activities, such as web site development, brochures, and post cards;

Development of new products and the training of additional producers;

Administrative costs, covering the maintenance of two offices and several vehicles.

Approximately 80% of these investments are financed each year through the sale of goods and services performed by the association's commercial arm (BHcrafts d.o.o.), while new initiatives and the up scaling of activities are typically financed through funds mobilized from the public and/or the philanthropic sector.

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PREVIOUS YEAR GOALS

In the beginning of 2008, the BHcrafts team set the following goals as the priority:

- To strengthen and improve the Centre for Transfer of Traditional Craft Skills;
- To find a donor for a felting project – the introduction of a new crafting technique;
- To become a member of IFAT - (THE INTERNATIONAL FAIR TRADE ASSOCIATION);
- To secure current markets and strengthen new markets, particularly Slovenia, Italy and Japan.
- Start a proactive international PR and marketing campaign
- Increase the number of women artisans involved in BHcrafts projects

ACHIEVED GOALS AND YEAR HIGHLIGHTS:

- BHcrafts exhibited at Ambiente Fair in Frankfurt 08-12.02.2008.
- BHcrafts became a provisional member of IFAT (INTERNATIONAL FAIR TRADE ASSOCIATION), and is awaiting final clearance to use the FTO mark of certification.
- BHcrafts strengthened its existing network of foreign sales representatives, and has widely extended its world markets, including many EU countries, Asia and the U.S.
- Japanese market entry was accomplished through KETCHUP LTD, Kobe.
- BHcrafts signed a contract with two agents from Florence, who received exclusive rights for the Italian market.
- Since the beginning of December 2008, BHcrafts products are being sold in Mercator Centers in Sarajevo and Tuzla.
- More than 500 women were involved in BHcrafts projects.
- BHcrafts participated in the Fora and Workshops for Cross Border Cooperation under the Cross Border Institution Building project (EU sponsored project), actively seeking to form partnerships with other organizations with similar goals.
- Throughout the year BHcrafts products and organizational activities were featured in top local newspapers and magazines.
- BHcrafts had strong press coverage in Japan, where the organization and its products were featured in the top five Japanese magazines, including the Japanese edition of MARIE CLAIRE.

ROAD TO EFFECTIVE SOCIAL CHANGE

- BHcrafts promotes local entrepreneurship and the development of the business oriented culture necessary for a transitional economy. They focus on strengthening social entrepreneurship, a field in which they have received international distinction.
- BHcrafts' business gifts program was first offered in 2008 to companies and organizations in BiH: small businesses, corporations, diplomatic bureaus, embassies, municipal and governmental bodies. The aim was to create a more socially aware environment in BiH, where people in leadership roles focus more clearly on the needs of its citizens. The challenge of high unemployment that the community faces today must be overcome by the cooperative efforts of all elements of society. Through this program, business and government leaders are encouraged to support local producers, thereby reducing local poverty. New public-private partnerships are being created that are crossing boundaries within government sectors, and between the public and private sector.
- BHcrafts hopes that the previous hands-off attitude of these key actors will transform into a positive trend, and that more companies, governmental bodies, and embassies will become actively involved in supporting BHcrafts campaigns.

PROJECTS IN 2008

- Pilot felting project –“The introduction of a new crafting technique” was made possible through generous support from Bruxelles Lambert Grupe. Twelve women were trained in felting techniques, including the making of felt from natural wool fiber using wet felting and barbed needles. A new product line was developed and a base for further expansion in this area was set. A popular niche market was found for the soft, durable and breathing fabric..
- With donations from the Ministry of Sports and Culture, and the Ministry of Civil Affairs, BHcrafts successfully accomplished the project they had taken on: “Warden of the cultural Heritage-Center for the transfer of traditional skills”. Twenty women attended and successfully completed a workshop and training program, at which

- they were introduced to advanced knitting, felting, and crocheting techniques. They were also introduced to the rules and regulations of EU production standards, environment protection laws and fair trade guidelines.
- A grant from the Ministry of tourism and environment allowed for the development of unique Bosnian souvenirs that proclaim Bosnian identity and historical heritage. Tourist baskets developed through this project consist of an attractive combination of felted decorations, kilims, woven bookmarks and mats, gloves, hats and scarves with traditional Bosnian motifs. Tourist basket products are currently being sold at the Jahorina ski center and several tourist bureaus and agencies throughout BiH.
 - Bosnian Handicrafts, Inc., BosHand's sister organization in Washington, DC, supported the implementation of : "The weaving project: The promotion of craftsmanship and preservation of weaving." This involved the purchase of steel looms for carpet weaving, the implementation of the training course in carpet production, and several lectures in cultural heritage.
 - The Norwegian Embassy in BiH supported the handicraft production unit by assisting BHcrafts in developing a sustainable business structure, and a generous donation was used for the research of raw materials, including purchasing, warehousing and production of cotton yarn suppliers.

IDENTITY:

As the previous two years, BHcrafts continued with strong marketing activities, focused on new markets (Italy and Japan), while keeping and strengthening existing markets

PHILANTHROPY

- BHcrafts continued its "SHOPPING WITH PURPOSE" campaign, and hosted an auction/fashion show at Bosniak Institute, on November 12th. Many organizations and individuals contributed to the success of this event. Professional and amateur models volunteered their time, and auctioneer of this year's auction were H.E French Ambassador to BiH, Mrs. Maryse Berniau, Mr.Adnan Terzic, Vice-Chairman of Agram Concern, and Mr.Danis Tanovic, Oscar Winning Film

Producer. Media patrons of November's event were Gracija, Radio Stari grad, and NTV Hayat.

- The Tuzla Canton government donated 2000 KM to support the SHOPPING WITH PURPOSE campaign in Tuzla. For the first time, a fashion show/auction was held in The International Gallery of Arts on Nov 19th. Radio Kameleon, TVTK, Tuzlanski List, and local newspaper were media patrons of the event. The auctioneers were Mrs. Lidija Marusic, Raiffeisen Bank, Section Tuzla director; and Mr. Damir Sehanovic, a well-known Tuzla journalist.

At both Sarajevo and Tuzla auctions, all participants performed beautifully, and were very supportive of the organization's mission and work.

A percentage of sales from the auction always go to another humanitarian project. In 2008, the children's home Bjelave in Sarajevo; children's home "Duga", in Kulen Vakuf; and the orphanage in Tuzla were supported by this project.



POSITIVE CHANGE:

Despite the global recession, BHcrafts succeeded in keeping all our old customers (Sundance, National Geographics, and GAIAM, among others), and were successful in finding new markets for our products – most notably Italy.

FINANCIAL FACTS

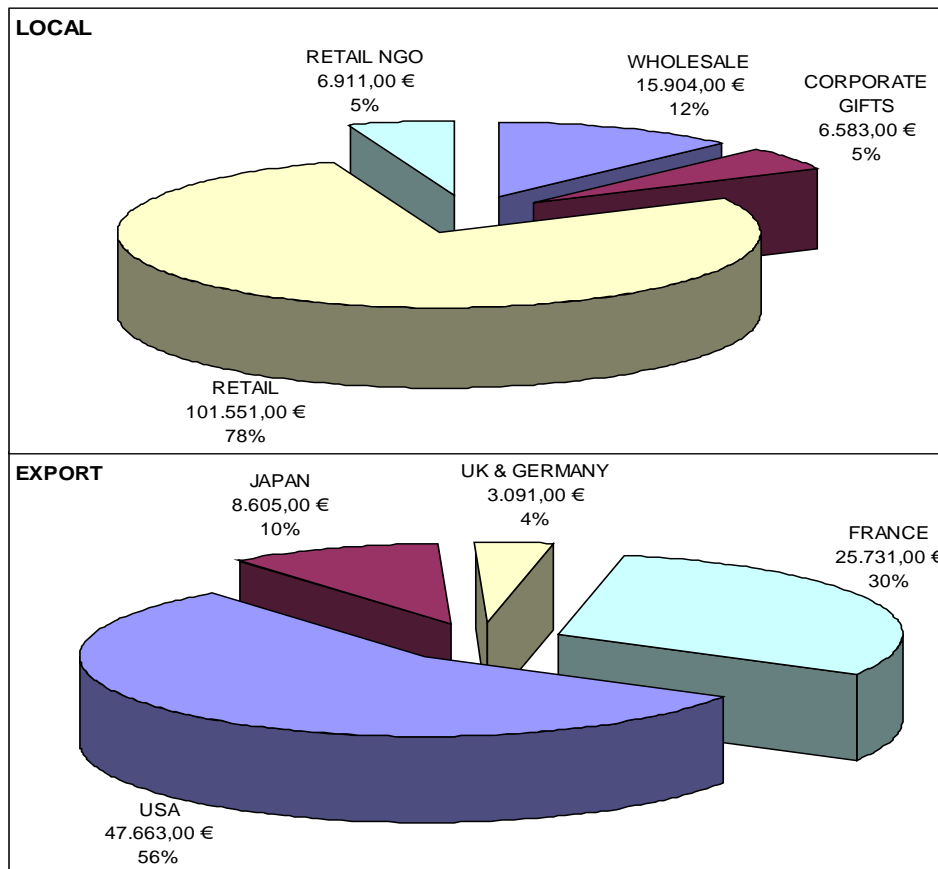
The total budget in 2008 was approximately 265,394 Euro, which is 5% lower than the budget for year 2007. A majority of activities were financed through own sources (sales of handicrafts, in the country and abroad).

Income from own sources (sales of handicrafts) was 216,039 Euro, which represents a decrease of almost 16, 67% from Year 2007.

This decrease can be attributed to the effect of the global economic.

The majority of local sales comes from the local market (83% from retail outlets, 5% from corporate gifts program and 12% from wholesale program).

Of the total export sales, US market tops the list with 56%, following with France 30%, Japan 10%, UK and Germany 3%.



PROSPECTS FOR GROWTH:

PLANS FOR 2009:

- We are hoping to secure and increase current markets, and add new markets, particularly in Slovenia, the Scandinavian countries and Germany.

- To continue to preserve and promote the cultural heritage of the people Bosnia and Herzegovina, focusing on traditional craftsmanship;
- To present at several major trade fairs, including Pitti Filati and Pitti Bimbo in Florence, Italy, as well as other trade fairs that would result in the organization's increased global visibility.
- Exercise greater influence in suppression of poverty in B&H by creating more work opportunities in traditional activities, particularly supporting the economic empowerment of underprivileged women
- To increase BHcrafts influence on increased regional economic growth, especially emphasizing rural areas;
- To promote a consciousness shift in philanthropical and entrepreneurial enterprises, which are necessary to the growth of a transitional economy;
- To provide support for the economic and organizational development of small and medium enterprises, humanitarian organizations, associations, co-operatives and other groups;
- To support and strengthen local wholesale trade;
- To expand within the regional markets, i.e., Slovenia, Croatia and Serbia.

CHALLENGES IN 2009:

Unfortunately, with the dramatic world-wide recession, all major economies are struggling to keep their heads above water. Many international businesses are decreasing foreign imports. BHcrafts cannot help but wonder what effect this will have on BHcrafts' future. BHcrafts focuses on development and survival strategies, and optimistically turns its attention in the first quarter of 2009 to growth and sustainability, despite potential drawbacks.