



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

**YOU CAN HELP US DO SO
THROUGH
PURCHASE OF OUR PRODUCTS**



In 2007, BHCRAFTS:

- reached over 90% sustainability
- local sale was more than 50% of the total sale
- Had more than 500 women engaged in the project
- Worked in 9 regions across the country
- Applied for the Fair trade membership

BACKGROUND

The handicraft project run by UHD Bosanske rukotvorine is a big scale project that is providing secure income up to 700 craft producers around the country each year, most of whom are poor or otherwise marginalised from society (unemployed, low-educated women from rural areas). The statistics shows that approximately 200 to 250 women are regularly engaged throughout the year, while additional 400 to 450 are occasionally involved, depending on the organization's ability to provide income generation to these women, that is the market demand for the products hand made by women crafters.

Because of this scale, each year the organization invests heavily in sustaining the program and promoting crafts from B&H, including:

- Investments in 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, including the training of new women and product development;

- 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 association's commercial arm (BHcrafts d.o.o.), while the new initiatives and up scaling of activities are typically funded through sources or funds mobilized from the public and/or the philanthropic sector.

PROJECTS IN 2007

"Direct support to BHcrafts handicrafts program" was funded by Canada.

The aim of this project was to provide sufficient yarn to keep the producers supplied, in order that there not be a disruption in their work due to lack of raw materials

Our sister organization in Washington, DC, Bosnian Handicrafts, Inc., supported two projects in 2007: our attendance at Ambiente Fair in Frankfurt in February, and a trip to Pitti Filati yarn fair in Florence, as well as the purchase of a quantity of yarn. The value of their grant was \$17,500.

The Tuzla Canton government donated 1000 KM to support the modernization of the handloom unit.

IDENTITY

2006 was a year of creating a strong marketing identity for BHcrafts. In 2007, this has continued through regular up-dates of the web site, with new products, promotional events, and the distribution of materials that reflect our vision, present our work, and testify to our results. For further information, visit our web site, www.bhcrafts.org.

PHILANTHROPY

In 2007, the organization hosted two auctions/fashion shows, on May 8th and December 5th. Both were held at Bosniak Institute, a well-known institution and a true guardian of B&H cultural heritage, located in the heart of Sarajevo. Many organizations and individuals contributed to making the program successful. Professional and amateur models volunteered their time, as well as auctioneers. Media patrons of December's event were Gracija, Dnevni Avaz, Radio Stari grad, Radio Federacije Bosne i Hercegovine, and NTV Hayat.

In May 2007, the auctioneer was H.E. Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH. December's trio of auctioneers were Mr. Raffi Gregorian, Principal Deputy High Representative; Mr. Edin Arslanagić, CEO Bosnalijek; and Mr. Tie Sosnowski, CEO Triland Development. All performed beautifully, and were very supportive of the organization's mission and work.

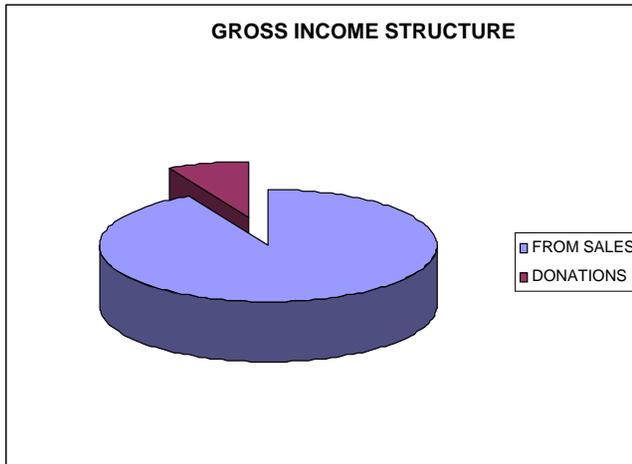
A percentage of sales from the auction always goes to another humanitarian project. In May 2007, it was for the children's home Bjelave, Sarajevo, while the one in December supported two children's homes: "Duga", in Kulen Vakuf, and "Bjelave" in Sarajevo.

POSITIVE CHANGES

At BHcrafts we want to highlight the positive changes within the program and our continued interaction within the community. We are proud to say that in 2007 our campaign of "shopping with purpose" has achieved the following results:

- Sales of handicrafts have provided income for hundreds of women included in the project, and their families.
- We have continued protect and promote the cultural heritage of Bosnia and Herzegovina.
- The auctions have welcomed many prominent guests from political and public life, and were followed by a media campaign which enabled the organization to raise the issue of social awareness and responsibility.

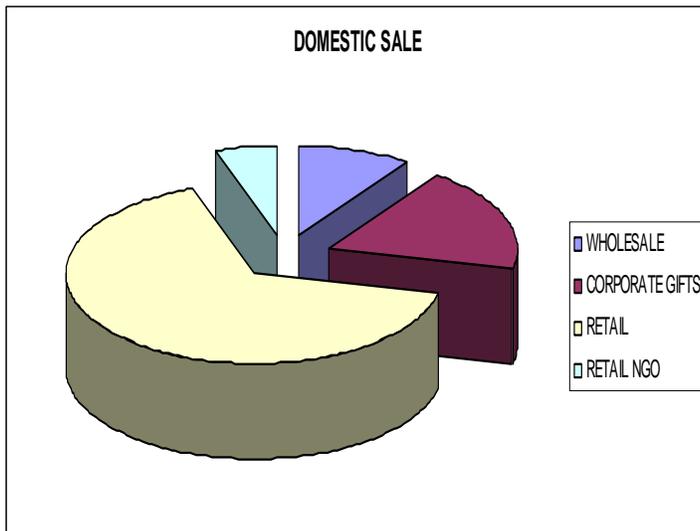
We are also happy to report that the marketing results of the organization's campaign "Shopping with purpose" are excellent. Local sales were more than 50% of the total sales in 2007 which is good news for us and for the community.



The total budget in 2007. was approximately 280.910,13 Euro, which is 17% lower than the budget for Y2006.

A majority of activities were financed through own sources (sales of handicrafts, in country and abroad). Significant sources have come from local fundraising campaigns.

For percentage details pls. see, *Chart Budget in 2006 was 17% higher Then in Y2007 because of the EU grant.*

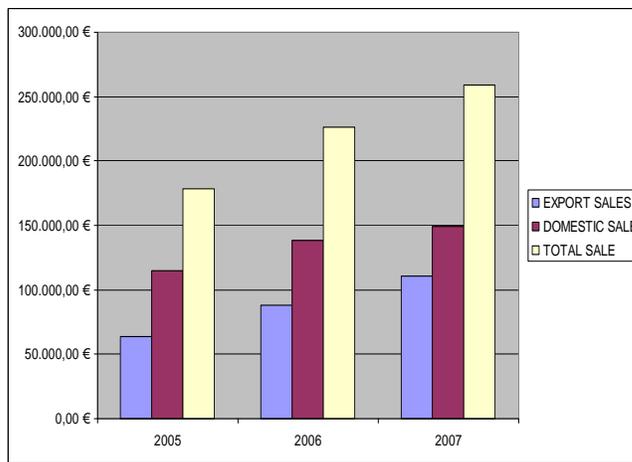
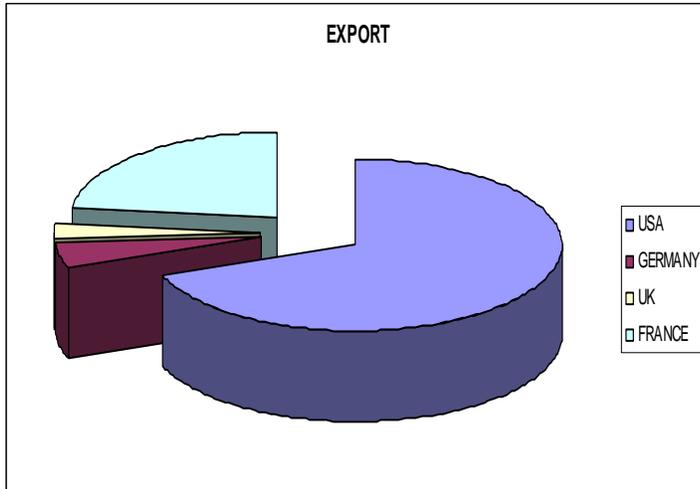


Income from own sources (sales of handicrafts) was 259.261,27Euro, which represents an increase of almost 15% from Year 2006.

The increase can be attributed to the extensive marketing campaign in country (retail program, corporate gift program, wholesale program), and abroad (participation at international trade fairs, direct approach through international sales representatives, etc.).

Majority of sales comes from local market (66% from retail outlets in down town Sarajevo, 19% from corporate gifts program & 10% from wholesale program).

Chart 2 and 3. Breakdown of sales per source



As seen from Chart 4. all markets show steady growth. The organization is proud to have many steady clients in country and abroad, but also many new clients as a result of continuous market research. USA remains to be number 1 export market, followed by the French market.

How sales reflect on women we work with?

The higher the turnover is, the higher are the artisans' salaries, and the higher is the possibility to include new women in production program.

PROSPECTS FOR GROWTH

PLANS FOR 2008:

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In 2007. The BHCrafts team created a vision for its future work and has determined to emphasize the following:

- To preserve and promote the cultural heritage of the people Bosnia and Herzegovina, focusing on traditional craftsmanship;
- To decrease poverty in B&H by creating work opportunities in traditional activities, particularly supporting the economic empowerment of women;
- To stimulate regional economic growth, with emphasis on rural areas;
- To promote local entrepreneurship and development of the entrepreneurial culture necessary for the growth of a transitional economy; including the promotion of social entrepreneurship;
- To provide support for the economic and organizational development of small and medium enterprises, humanitarian organizations, associations, co-operatives and other groups;
- To promote dialogue across entity and state borders
- To support and strengthen local wholesale trade;
- To expand within the regional markets, i.e., Slovenia, Croatia and Serbia.

The following goals will be the priority for BHCrafts:

- 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.

PROSPECTS FOR GROWTH

CHALLENGES IN 2008

- The climate for handicraft producers in Bosnia and Herzegovina is still very challenging. We hope that in the future, authorities will recognize category of social entrepreneurship and finally some benefits will be given to it
- The recent recession on the international market and extremely weak US dollar exchange rate is going to be a continuing problem.
- BHCrafts needs to find adequate space for a permanent retail shop , after 10 years of rentals, hopefully with municipal support.