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**Swiss Agency for Development
and Cooperation SDC**


swisscontact



Promoting Private Sector Employment

PPSE - Kosovo

Semester Report 2018

16 November 2017 - 30 June 2018

Prishtinë/Priština,

In cooperation with:



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List of Abbreviations

BEAM	Building Effective and Accessible Markets
BMO	Business Membership Organisation
CHF	Swiss Franc
DCED	The Donor Committee for Enterprise Development
DMO	Destination Management Organization
ENE	Economy and Employment
EYE	Enhancing Youth Employment
FAMtrip	Familiarisation Trip
FGD	Focus Group Discussion
FTE	Full Time Employment
FNI	Food and Natural Ingredients
GAP	Good Agricultural Practices
HO	Head Office
KIESA	Kosovo Investment and Enterprise Support Agency
KMC	Kosovo Manufacturers Club
MAP	Medicinal Aromatic Plants
MRM	Monitoring and Results Measurement
MSD	Market System Development
MTI	Ministry of Trade and Industry
OC	Outcome
OF	Opportunity Fund
PPSE	Promoting Private Sector Employment
RAE	Roma, Ashkali and Egyptian
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation
SEC	Senior Experts Corps
SGDM	Saint Gallen Destination Management Methodology
SIF	Social Inclusion Fund
SME	Small and Medium Enterprise
SRP	Strategic Review Panel
ToR	Terms of References
YPO	Yearly Plan of Operations

1. Basic Information

Country: Kosovo	Name of project: Promoting Private Sector Employment (PPSE)
SDC No SAP:	
Domain of Cooperation Strategy: ENE	

Goal	SMEs that operate in well-organized and inclusive economic sectors, provide increased sustainable gainful employment for young women and men in Kosovo.
Outcomes (OC)	Outcome 1: SMEs of the selected sectors increase their productivity and generate additional income and employment. Outcome 2: SMEs improve their offer, efficiency and competitiveness in improved and better organized inclusive market systems

Project phase duration: 16.11.2017-15.11.2021	Reporting period: 16.11.2017-30.06.2018
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Budget in phase (CHF) – 7,276,126.50 Budget spend in phase (CHF) 953,205.58 (CHF)	Budget from 16.11.2017-end 2018 (CHF) – 2,230,442.50
Information on contributions of partners and/or other donors (calculated in CHF) 100% SDC	

Implementing organisations:	Swisscontact and Riinvest Institute		
Main national partners:	Ministry of Trade and Industry, Chambers of Commerce, lead firms	Main international partners:	n/a

Project Coordinator	Argjentina Grazhdani	Number of project staff	15
International Consultants (planned days): ¹	25	International Consultants (executed days): ²	4
National consultants (planned days):	25	National consultants (executed days):	17
Riinvest (planned days):	57	Riinvest (executed days):	6
Swisscontact (planned days)	57	Swisscontact (executed days)	35

¹ Additional international and local consultancies are planned through the Part 4 budget related to the assessments and interventions under three PPSE Outcomes (See Annex III).

² Additional international and local consultancies are planned through the Part 4 budget related to the assessments and interventions under three PPSE Outcomes (See Annex III).

2. Executive Summary

In the first reporting period of Phase II, PPSE mainly focused on interventions with scale and expansion potential. Specifically, for the Food and Natural Ingredients sector, the intervention on promoting contract farming was implemented in 6 new regions with 9 partners. In the Tourism sector, interventions were focused around the regions of Prishtinë/Priština and Prizren, especially with regards to development of tourism products and sector coordination activities. The Opportunity Fund was further integrated within sectors' interventions, supporting co-investment projects aiming to promote sustainable and value chain growth. The Social Inclusion Fund is a new mechanism for PPSE, introduced in Phase II to promote equity and inclusion of socially excluded minority communities and women.

Even though interventions in both sectors are expected to produce results with a time lag due to seasonality and production cycle, overall, the achieved results corresponding up to the reporting period stand in line with the original projections. The semi-annual projections have either been achieved or surpassed throughout most interventions. In the reporting period, PPSE interventions have generated some 235 FTEs, with over 635 women and men benefiting from gainful employment. Employment benefits have surpassed CHF 1 million, while around 95 SMEs have recorded around CHF 340,000 benefit of net additional income.

One of the core intervention areas, in focus of both sectors, was the development of new and improved products and services. The FNI sector facilitated increase in primary production of vegetables and medicinal and aromatic plants through contract farming destined for processing or export, introduction of specialized seedling producers and facilitation of certification programs for export promotion. Trade facilitation and international promotion was on the focus of both sectors, while for the FNI sector this was done through exhibition in trade fair and organization of sales missions. On the other hand, the Tourism sector focused on organization of familiarization and press trips, especially targeting the Asian market, and preparation for exhibition in fairs. Finally, the Tourism sector also facilitated activities to improve sector organization on the national and local level.

3. Results Reporting per Outcome

3.1. Impact

IMPACT: SMIEs that operate in well-organized and inclusive economic sectors, provide increased sustainable gainful employment for young women and men in Kosovo	Impact Indicator	Baseline ³ 2017	2018 ⁴ (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	Impact: Net additional employment FTEs	850 FTEs	T= 500 FTEs A= 235 FTEs	47%	2,000 FTEs	12%
	Net additional employment (women) FTEs	270 FTEs	T= 150 FTEs A=105 FTEs	70%	600 FTEs	17%
	Net additional employment (minority) FTEs	75 FTEs	T= 50 FTEs A=34 FTEs	68%	150 FTEs	22%

In the first semester of 2018, PPSE interventions have generated around **235 full-time equivalent jobs**. The interventions in the FNI sector contribute to almost 90% of this result compared to 10% of the tourism sector. All results for impact indicators are well in line with semi-annual projected results.

The main interventions in the FNI sector for the first semester of 2018 were **strengthening contract farming** system; **support linkages for trade**; **introduction of specialized seedling producers**; **coaching for growth**; and facilitation of **certification programs**. Up to date, results have been mainly generated by interventions regarding contract farming and trade linkages, whereas results from other interventions are expected at a later stage. For this reporting period, the FNI sector interventions have generated around **211 new full-time equivalent jobs**, with most jobs created at the primary production level. This result is based on up-to-date estimations, adjusted based on field evidence from damages due to unfavourable weather conditions. The employment structure of this intervention is estimated to be around **48% female** and **52% male**⁵. **Minority representation** in full-time equivalent employment is **16%**. Further validation and disaggregation will be done with impact assessments (in time when the cycle/season is completed) and reported with the end-year report.

The tourism sector facilitated interventions regarding the development of **tourism products** and attractions, **international promotion**, sector coordination activities and organization of **non-formal short-term trainings** for tourism professions. Intensive activities have been organized for promoting Kosovo abroad, particularly in the Asian markets, which was done in cooperation with Ministry of Foreign Affairs. Furthermore, in the first quarter of the year, the team facilitated pre-interventions activities such as assessments (e.g. product development, cultural attractions) and selection of public and private partners, which were prerequisites for the implementation of interventions. Among the main achievements of the sector was the introduction of PPSE tourism activities in new municipalities of Prishtinë/Priština and Prizren, as their involvement in the tourism sector is still at a very basic stage.

³ Based on the achievements of Phase I

⁴ The column represents the results measured within the reporting report

⁵ The gender structure of the involved employment is derived based on a small sample which PPSE has been monitoring for a study related to the intervention Introduction of Specialized Seedling Producers. The sample represents around 14% of overall contracted partnerships.

The tourism trends show that the number of tourism businesses is increasing, thus resulting in more accommodation units, restaurants, tour operators and guides. The Kosovo Agency of Statistics⁶ shows that there are **38% more tourists visiting Kosovo, and there is a 42% increase in overnight stays** compared to a year before. PPSE tourism attributable results for 2018 interventions are early to be measured due to non-seasonal period, nevertheless, benefiting SMEs have reported generating **24 additional full-time** equivalent jobs (20 males and 4 females) for the first semester of 2018.

3.2 Outcome 1: Competitiveness of Selected Sectors

Outcome 1: Young people women and minorities benefit from gainful and inclusive employment, created in the dynamic SMEs in the growing sectors	Outcome Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OC 1.1 Number of women and men gainfully employed	0	T= 1,250 A= 635	51%	5,000	13%
	Number of women and men gainfully employed (women)	0	T= 375 A=282	75%	1,500	19%
	Number of women and men gainfully employed (minority)	0	T= 125 A=149	119%	500	30%
	OC 1.2 Income increase of 5,000 benefitting men and women through salary/wage	0	T= CHF 2,400,000 A=CHF 1,175,000	49%	CHF 9,600,000	12%

The FNI sector interventions have generated **employment opportunities for around 600 people**, with estimated gender structure of **46% female and 54% male**⁷, and with an estimated benefit of **EUR 970,000 income increase** through wage/salary. **Minority representation** in generated employment stands at around **25%**. In addition to new employment opportunities, interventions regarding access to new sales channels have resulted in increased exports to new markets, where existing farmers have benefited directly (export of raspberry, blackberry and MAPs).

The impact of tourism sector interventions and opportunity fund has generated employment for at least **35 additional people (29 males and 6 females)**. The overall earnings of the newly attributable employed people amount to **EUR 61,000**. The team has observed that tourism businesses are continuously growing, engaging and increasing number of guides every year, due to higher income and tourists' turnover that can be attributed to PPSE interventions. Details of interventions and activities that will lead to results are presented in detail under respective outputs.

Output 1.1 SMEs have improved the quality and diversification of products and services.

⁶ Kosovo Agency of Statistics <http://ask.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-news/statistikat-e-hotelerise-tml-2018>

⁷ The gender structure of the involved employment is derived based on a small sample which PPSE has been monitoring for a study related to the intervention Introduction of Specialized Seedling Producers. The sample represents around 14% of overall contracted partnerships.

Output 1.1: SMEs have improved the quality and diversification of products and services.	Output Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OP 1.1.1. Number of new and improved products and services promoted through the SMEs	0	T= 38 A=13	34%	150	9%
	OP 1.1.2 Additional investment value for new products and services	0	T= CHF 1,250,000 A=CHF 912,000	73%	CHF 5,000,000	18%
	OP 1.1.3 Number of SMEs offering new and improved products and services	0	T= 25 A=8	32%	100	8%

Regarding the improvement of quality and diversification of products and services, the FNI team is implementing several interventions, activities and mechanisms such as: the **‘Coaching for Growth’** business platform in partnership with CEED; the improvement of SMEs capacities through the Opportunity Fund and interventions; growth consultancy support with Recura; and SEC missions.

Around **28 companies** are involved in all interventions that are anticipated to result in improvement of quality and diversification of products and services. Until now, **11 products**⁸ have been introduced/improved in the market through all FNI interventions, mainly products at the primary production level. Nevertheless, major results of this output are expected at the processing level through the ‘Coaching for Growth’ intervention. Considering the necessary time for this intervention to yield results, these will only be available towards the end of the year. As of this reporting time, the total investment value of involved SMEs has reached around **EUR 750,000**.

- PPSE has supported CEED to introduce a new platform for businesses ‘Coaching for Growth’ with the intention of supporting enrolled business to introduce new and improve existing products. This platform offers building knowledge, information exchange and individual coaching for SMEs on product development topics. PPSE is cost-subsidizing the platform fee, where companies currently pay a reduced fee. Currently, **17 food processing SMEs (3 women owned)** are enrolled in the program. Furthermore, the platform offers three local and regional exchange visits, where two visits have been successfully completed (visits to Rugove and Frutomania). This platform will continue at least until the end of the year. In addition, through an experienced business advisory, RECURA, PPSE is facilitating **consulting services to Krusha e Madhe** (women owned cooperative) aiming further growth opportunities in financial and operational framework.
- To boost business growth and strengthen the competitiveness of Kosovo products and services in the food processing sector, PPSE is directly working with SMEs through **SEC Missions**. Up to date, 4 SMEs from the Senior Expert Corps in Kosovo will benefit in improvement of product recipes & quality (3 SME, 1 Minority) and packaging (1 SME).

⁸ These products include new agriculture crops integrated in contract farming: peperoni pepper, gherkin, chamomile, peppermint, oregano, goji berry, golden berry, pumpkin, sunflower and nettle.

- In addition, PPSE is exploring opportunities to facilitate **Food Technology Services**. As an example, in cooperation with KMC, the project pursued the opportunity to collaborate with Bursa Industrial Zone Vocational Education Centre (BUTGEM BTSO) in Turkey. However, the training centre could not develop tailored made training program for the needs of the Kosovo companies. Other opportunities are being explored.

As of the reporting period, the interventions and activities for introduction of new tourism products and attractions were focused in Prishtinë/Priština and Prizren municipalities targeting **adventure and cultural segments of tourists**. Following an international assignment to identify potential tourism products for Kosovo, the team has been promoting investment in tourism products and attractions and pursuing interested partners to develop these products. This has been done in cooperation with both public and private sector, leading until now to the process of development of an **Arts Museum in Prishtinë/Priština and Paragliding in Prizren**. PPSE also signed a Memorandum of Understanding with these two Municipalities to improve and enrich the tourism offer.

Meanwhile, products that were developed in the past two years continued to attract an increasing number of tourists, thus leading to more than 50 beneficiary businesses. Existing product owners continue to expand their offer, while in the reporting period a total investment of **EUR 50,000 was recorded**, and four new products, two from the OF (moving carpet for skiing and kids entertainment park) and two were introduced (snow-cat tours and archery) independently by former beneficiaries.

- In the **Development of Tourism Products** intervention, PPSE has initially commissioned an assessment through MDP Consulting (French company) to identify tourism products and attractions that can be developed in municipalities of Prishtinë/Priština, Prizren and North Kosovo. The report was disseminated to private and public actors, with follow-up meetings and negotiations were organized. To date, one agreement has been signed with **Aeroclub Shkaba** and the **Municipality of Prizren** to develop and offer **paragliding** in Prizren. This product is expected to be in the market starting in August 2018. The team is currently planning technical support, as requested by Municipalities Prishtinë/Priština and Prizren for the development of three products (cable car in Prizren and Prishtinë/Priština and walking path in Nashec Canyon). Furthermore, potential partnerships with the private sector are being evaluated for development of more than five tourism products.
- Through the **Tourism Attractions** intervention, PPSE intends to improve the offer and operations of attractions such as museums, religious and archaeological sites. To achieve this, a preliminary study was conducted, to better understand the legal and operational state of cultural, religious and archaeological attractions. Study findings show a complex legal and institutional setup regarding management of these attractions, where responsibilities are not clearly defined, therefore hindering effective functionalization. PPSE is supporting the Municipality of Prishtinë/Priština with technical expertise to establish a new museum, the Ibrahim Kodra Museum⁹. The investment for this museum is being done by 'Ibrahim Kodra' foundation, and the municipality has offered the premises. This museum is expected to open by the end of the year, and it will be operated under a new setup (led by the Municipality of Prishtinë/Priština) and is expected to serve as a model for other existing and new attractions. Furthermore, the team of local experts, supported by PPSE, will support the Municipality of Prishtinë/Priština in other projects such as: Tourism Strategy, Museum of Contemporary Arts, Historic Centre of Prishtinë/Priština, etc.

Output 1.2 SMEs have increased production.

⁹ Ibrahim Kodra was a famous Albanian painter, 1918-2006. Some of his paintings are kept in the museum of Vatican, Chamber of Deputies in the Italian Parliament etc.

Output 1.2: SMEs have increased production	Output Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OP 1.2.1 Number of farms and SMEs involved in contract farming	350 SME	T= 250 SME A= 234 SME	93%	1,000 SME	23%
	OP 1.2.2 Increase of contracted production	200 ha	T= 125 ha A= 363 ha	290%	500 ha	72%

PPSE has facilitated two interventions for increasing the volume and quality of primary production. The intervention **Strengthening Contract Farming System**, which aims to increase and improve primary production and product aggregation flow from farm level for and tailored to demands of processors, collections centres and exporters. The intervention **Introduction of Specialized Seedling Producers** aims to introduce professional nurseries in Kosovo that offer quality seedlings – which is a necessity for higher production quality and yield of vegetables and MAPs.

Around **234 additional farms** are involved in contracted production through PPSE interventions, which represents a 52% increase compared to total outreach of Phase I. These farms have expanded primary production surface with additional **363 hectares** to fulfil contractual needs of nine partnering processors, collection centres and exporters.

- The FNI team has expanded the intervention **Strengthening Contract Farming System** to 6 new regions (covering Prishtinë/Priština, Pejë/Peć, Podujevë/o, Ferizaj/ Uroševac, Kačanik/Kaçanik and Skenderaj) and with 11 new crops (peperoni pepper, gherkin, chamomile, peppermint, oregano, goji berry, golden berry, pumpkin, sunflower and nettle). Up to date, **9 partnership agreements** have been signed with **processors, collection centres and nurseries**. The outcome of contract farming intervention is that contractors (e.g. collection centres) improve services such as provision of inputs, advisory, aggregation, planting and harvesting machinery services for contracted farmers. This is expected to lead to better quality and higher yield of farmers' production therefore enabling them to fulfil demands of contracted parties.

It is important to note that this year, Kosovo has experienced unfavourable unexpected weather conditions for farming, which are estimated to have decreased the potential gains and yield by about 20-30%¹⁰ for different crops.

- Based on Phase I findings regarding the underperformance of primary production due to low seedling quality, PPSE has supported **Introduction of Specialized Seedling Producers** in Kosovo for vegetables and MAPs. Through the Opportunity Fund, the team has decided to co-finance the establishment of a brand-new **modern nursery through a selection process** with a Call for Proposal. Furthermore, PPSE is supporting two more existing nurseries with semi-professional/traditional capacities, one minority SME through the OF and one through sector interventions, to enhance their capacities and shift towards more professional nurseries. This intervention is closely linked to the contract farming intervention to integrate seedling production into the contract farming system.

¹⁰ Based on observations from the field and reports received by partners (Sources to be added)

3.3. Outcome 2: SMEs improve their offer, efficiency and competitiveness in improved and better organized inclusive market systems

Outcome 2: SMEs improve their offer, efficiency and competitiveness in improved and better organized inclusive market systems	Outcome Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OC 2.1 Number of SMEs benefit from using new or improved support services	0	T= 38 SMEs A= 8 SMEs	21%	150 SMEs	5%
	OC 2.2 Net additional income increase of 150 SMEs	0	T= CHF 950,000 A=CHF 341,000	36%	CHF 3,800,000	9%
	OC 2.3 Institutions are more responsive to private sector growth	0	<i>Qualitative assessment based on FGD of key institution personnel</i>			

In the FNI sector, **5 SMEs are already benefiting from new support services** that have been facilitated by PPSE. These services are mainly related to trade **facilitation and export promotion** and provided by sector associations such as Organika and Mjedra e Kosovës. Benefiting companies have reported net additional income of **EUR 145,000** as a direct result of the PPSE intervention.

In the first half of 2018, the tourism sector has facilitated introduction of three new support services in the market. One service is related to trade facilitation, where three business have reported benefit, and two are related to non-formal training for tourism profession (guides and waiters). On the other hand, around **80 PPSE beneficiary SMEs** (from all interventions) have reported an increase in net additional income of **EUR 154,000**.

PPSE has supported the Municipality of Prishtinë/Priština to develop a tourism strategy based **on the St. Gallen Destination Management methodology** through a private sector inclusive approach. Furthermore, the Municipalities of Prishtinë/Priština and Prizren have committed to increase their financial support to tourism development starting from next year.

Output 2.1: Service Providers offer improved business support services.

Output 2.1: SPs offer improved business support services	Output Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OP 2.1.1 Number of SMEs using new and improved services offered by service providers	0	T= 75 SMEs A= 53 SMEs	70%	300	18%

Under this output, the FNI team has supported one intervention for **Facilitation of Certification Programs**. Within this intervention, SMEs had access to two **certification programs, Organic and Global GAP**, through sectoral BMOs such as Organika and Mjedra e Kosovës. In addition, sector SMEs have now access to new support services facilitated through interventions that fall under other outputs. These support services include trade facilitation (fair exhibition and sales mission by Organika – OP 2.2) and product and business development services (coaching for growth by CEED and Recura – OP 1.1).

Altogether, **48 SMEs from the food sector** are currently using new support services that have been facilitated by PPSE. An important result is the increasing number of SME applicants for organic certification as well as SMEs' membership in BMOs that facilitate certification programs.

- Under the intervention **Facilitation of certification programs** PPSE is facilitating *Organic Certification*, where **28 (9 for the first time) companies** are in process of organic certification, and 3 blueberry producers for *Global G.A.P. certification*. Services for Organic certification are offered through ORGANIKA (Association of NWFP and MAPs companies) by certification body Albinspekt from Albania, whereas for Global G.A.P. certification through Mjedra e Kosovës (Association of soft fruits producers) by GAP Plus from Kosovo. In addition, PPSE has supported Organika to introduce a new service, in preparing applicants (association members) for complying to Organic certification. The aim of the intervention is to promote Organic and Global G.A.P. certification among BMO members, which will increase sales and incomes, access to new export markets.
- PPSE is closely following the Phase I intervention on **Introduction of Contract Financing**. In the reporting period, NLB Bank has decided to introduce contract financing as a new product in the market on April 2018, but no loans have been issued up to this reporting period.
- Under **SEC mission** in Kosovo, **2 SMEs** will benefit in improving sales & marketing services (1 minority women owned).
- Further activities are currently being explored by the team in cooperation with association of input dealers in Kosovo (SHTIB) to improve information and advisory services for farmers in Kosovo.

PPSE has worked with **three tourism service providers** for improving supporting services for the sector. A service for on better preparation and presentation in international fairs was facilitated to five SMEs that exhibited in ITB Berlin and Destination Nature. This resulted positively, with SMEs having more international tourists through better presentation, promotion and business agreements with international agencies. Furthermore, to address the growing demand of private sector for specialized professions, **two non-formal trainings** (guides and waiters) were supported by PPSE. SMEs are expected to employ the trainees in the coming months.

- The intervention **Specialized Tourism Occupation** included introduction of two non-formal trainings, one for **tourism guides** and one for **waiters/waitresses**. PPSE understood the private sector demand for guides through conducting a rapid assessment with around 50 tourism businesses (hotels, hostels, restaurants, tour operators). Assessment results revealed that there was high demand for guides and that the businesses were willing to engage them. PPSE implemented the intervention through a close consultation with Municipalities of Prishtinë/Priština, Prizren and Gjakovë/Djakovica, by partnering with Gears-up Solution to provide a training for city guides. The training is to be provided in July, aiming to train 30 individuals from Prishtinë/Priština, Prizren and Gjakovë/Djakovica municipalities. Training of 39 waiters/waitresses was supported through SIF, it was organized for Serbian businesses and trainees by Tourism Organization Gračanica.

Output 2.2: SMEs have improved access to sales channels

Output 2.2: SMEs have improved access to sales channels	Output Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OP 2.2.1 Number of SMEs using new and improved sales channel		T=75 SMEs A= 37 SMEs	49%	300	12%
	OP 2.1.2 Number of joint promotional activities for market segments	0	T= 13 A= 6	46%	50	12%

Interventions and activities regarding FNI sector access to sales channels have been mainly focused in export promotion. The intervention **Support Linkages for Trade** was conducted in cooperation with BMO Organika and has been particularly successful – already resulting into an **export increase of around EUR 1 million**. Through this intervention, SMEs were supported to exhibit in the Biofach fair for the first time. Furthermore, a sales mission for SMEs in Switzerland was organized with the cooperation of Swiss company specialised in trade facilitation. This activity took place in July and initial feedback is very promising.

SMEs in the NWFP and MAPs sector have benefited from this intervention, where 8 companies have used access to market channels through two new promotional activities.

- Differently from PPSE Phase I, where the project has cooperated with KIESA to facilitate trade fair participation, during this Phase the intervention **Support Linkages for Trade** has been facilitated through sector BMOs. Seven SMEs have participated in the BioFach trade fair in Nuremberg, Germany (organized in February 2018). Exhibition in the fair has been highly valued by the participating SMEs, resulting with 9 agreements established with an occurred export value of around **EUR 1 million**. This activity was as follow-up to the output 2.1 intervention **Facilitation of the Certification Programs** where companies who benefited from the organic certification were given a chance to be exhibitors to this trade fair where the organic certification is the key requirement.

In addition, PPSE has supported a sales mission to Switzerland for 6 SMEs (Organika members), which was prepared by Triple E, a Swiss company specializing in trade facilitation. The mission occurred in July and it consisted of four visits to Swiss companies and business exchange with **12 Swiss companies**. Due to very high interest of Swiss companies, PPSE is planning a follow-up mission with Triple E to facilitate a visit in Kosovo for interested Swiss companies.

Under this output, the Tourism sector organized **3 familiarization and press trips for the Asian market**, support SMEs in exhibiting in **two international tourism fairs and targeted digital promotional activities for SMEs**. Promotion in Asia involves a partnership with Ministry of Foreign Affairs and Turkish Airlines and will continue throughout the year.

Overall, 29 SMEs have directly used new and improved sales channels. Promotion in international tourism fairs and digital promotion has already begin to yield results, where benefiting SMEs have reported an attributable increase of 210 international tourists and increased turnover of EUR 273,000 as a direct result of interventions.

- Within the **International Promotion Intervention**, PPSE facilitated the preparation of five inbound tour operators to be better promoted and create business linkages in ITB Berlin and DN Paris.

Furthermore, PPSE signed an MoU with the Ministry of Foreign Affairs to organize two fam trips with tour operators and two press trips with journalists from Japan and South Korea. Turkish Airlines is the main contributor, which committed to pay all the tickets for the participants of all fam/press trips. So far one press trip has been organized with 7 journalists from South Korea and one fam-trip with 8 Japanese tour operators (organized in July). These activities are being cofacilitated by the Kosovo Embassy in Japan.

Another fam trip with Asian tour operators organized by Travel Shop Turkey and Travel Shop Albania was supported by PPSE and Veneta Travel tour operator. 52 tour operators from South Asia and Middle East visited Kosovo for the first time, being introduced to the local offer for two days in Prishtinë/Priština and Prizren.

Another initiative was to improve digital promotion of Kosovo tourism offer through the international specialised media outlet. In this regard, PPSE partnered with BNA to promote the offer in the Financial Times magazine, Wanderlust UK and Swiss Alpine magazine. The results show that 86 tourists stood in Kosovo for average 9.6 days, spending around EUR 71,000.

- Under the **Country Promotion through Influencers** intervention, PPSE partnered with Prifilm fest, to support two location scouting trips with 19 international film-makers and film industry representatives. The aim is to promote Kosovo in the international filmmaking industry as a destination for filming. The location scouting trips take place in July, when Prifilm fest happens.

Output 2.3: Stakeholders have improved sector organization and networking

Output 2.3: Stakeholders have improved sector organization and networking	Outcome Indicator	Baseline 2017	2018 (T=Target, A=Achieved)	Incremental % reached in 2018	End of Phase 2021	Cumulative % Reached in Phase
	OP 2.3 Number of joint initiatives for improving networking and sector organization around selected topics: waste management, market segments, promotion, coordination and sharing of knowledge	0	T=3 A= 2	67%	10	20%

PPSE is closely monitoring the development on expected changes for internal trade law – Phase I follow-up. Specific intervention and activities for improving FNI sector organization, particularly related to addressing unfair trade practices, are planned for the second part of 2018. Nevertheless, the team has closely collaborated with sector BMOs such as Organika, Mjedra e Kosovës, KMC in thematic interventions and activities. It is important that collaboration in these activities has contributed in increasing the membership and influence of sector BMOs.

In the tourism sector, PPSE facilitated activities under this output with the aim to contribute to the improvement of coordination between public and private sector and cooperation among private sector actors. Following coordination activities and initiatives from Phase I, PPSE supported MTI with

drafting a **concept proposal for establishment of National Tourism Organization**. This was presented to the Prime Minister's Office with a representative group of tour operators. PPSE is also supporting the Municipality of Prishtinë/Priština through the process of preparing and drafting the Tourism Strategy. This is being done through active inclusive involvement of the private sector. An immediate outcome from this initiative has been the decision of Municipality to functionalize the tourism info centre in Prishtinë/Priština.

- The **Advocacy** for establishment of **National Tourism Organization** was done through a concept proposal prepared by an international expert. PPSE worked with a number of private sector actors to capacitate them to effectively articulate their requests to the Prime Minister's Office regarding their role in promoting Kosovo as tourism destination. They advocated for increased financial commitment for the tourism sector, national branding, sector strategy etc. The government responded by including main elements of their requests in the draft concept document for amending the existing tourism law by MTI, which is expected to be approved by the Government. While at the same time, MTI initiated the process of upgrading the existing Tourism Division into a Department leading to more budget allocation for tourism sector and higher engagement of staff.
- PPSE agreed to support the Municipality of Prishtinë/Priština for the development of **Tourism Strategy**. This was facilitated by applying the SGDM methodology with the tourism stakeholders in Prishtinë/Priština in identifying and prioritizing the main strategic visitor flows from the supply side perspective. The findings of the visitors' flow analysis and Prishtinë/Priština Exit Survey (2016) were utilized as a basis for drafting the tourism strategy of Prishtinë/Priština Municipality. The strategy is expected to be approved by the municipal assembly in the following months.
- To address topics around **Waste Management**, PPSE has commissioned a white paper for ban of plastic bags. The study is expected to be finished in August and further advocacy activities will be conducted afterwards. Furthermore, the PPSE tourism team decided to specifically tackle the issue of food waste as it consists of 50% of waste and it mainly derives from the hospitality sector (hotels and restaurants). An internal rapid assessment was conducted in identifying models of food waste recycling processes and local actors to be part of this process.
Up to this reporting period, two potential service providers have been identified in collecting the food waste and converting it into biogas.

3.4.1. Opportunity Fund

Based on the evaluation and the experience in Phase I, the Opportunity Fund (OF) continued to be used as an additional instrument for the sectors. The operational manual of the OF was adapted in the first quarter of 2018. Opportunities that complement sector interventions are being identified on a continuous basis by sector facilitators, the minority facilitator and the OF manager.

To address the problem of low quality, yield of primary production, and respond to the growing sector demand for contract farming, PPSE designed an intervention for introducing specialized vegetables seedling producers. The lack of specialized nurseries is emphasized as a key constraint by all field experts, whereas regional countries have enjoyed sector transformation with the introduction of these market players. Therefore, abiding by the principles of the OF, firm eligibility and evaluation criteria in March 2018 the project issued a Call for Proposal to establish the first specialized nursery for seedling production appropriate for open field, net and greenhouses. 13 companies expressed the interest for the application while 7 of them submitted concept note, 3 companies were short listed and after the site visit and evaluation of the proposals PPSE team selected AGROBORA company from Skenderaj as appropriate partner for this co-investment.

Peppermint International company located in northern part of Kosovo populated by Serb minority community was also selected for OF co-financing, for increasing production capacities of essential oils, improving MAPs seedling and production and increasing contracted production. The third co-investment agreement was signed with Produktet Natyrale të Kosovës from the Municipality of Pejë/Peć. The project intends to increase processing capacities of the company for new crops such as pumpkin, sunflower and other crops that have high demand for local and export market, as well as increase primary production through contract farming with new partners in new regions for cultivation. OF will continue to trigger innovation in a specific field and in relation to the project objectives a specific thematic call might be organized.

3.4.2. Social Inclusion Fund

Within the reporting period, the SDC has approved three requests under the Social Inclusion Fund (SIF).

The first SIF intervention represents a pilot three-fold intervention in the Municipality of Gračanica/Graçanicë that targets income increase for marginalized groups, and improvement of operations with municipal waste recycling materials and trade activity with private sector: (1) PPSE has signed the partnership agreement with the waste collection company, G-PLUS d.o.o., in May 2018. Through this partnership, PPSE supported the improvement of the processing capacities of the company that will lead to the creation of 6 new jobs for Roma employees within the facility and increase access to selling point for 32 Roma families engaged in waste picking. (2), a Memorandum of Understanding with the Municipality of Gračanica/Graçanicë will be signed in September 2018, to improve waste management system and to make municipal landscape more appealing to foreign and local visitors. PPSE will support purchasing of separation bins for 177 households while municipality will launch the raising awareness campaign on the importance of recycling. (3) after the above-mentioned training, to increase work efficiency, PPSE will award 3 small-scale processors from Roma community with pressing machines for recycled waste. This activity is planned for September 2018.

The second SIF partnership agreement was signed with the Tourism Organization Gračanica (TOG) in May 2018. TOG has implemented 2 short-term trainings for waiters/waitresses as explained under output 2.1.

The third approved SIF intervention is the joint activity with Enhancing Youth Employment (EYE) project, Helvetas, to support the NGO LEAP to conduct a study on gender stereotypes and educational choices in Kosovo. In July, both projects signed the partnership agreement with NGO LEAP, aiming to use the academic research for increasing awareness that would ultimately help companies to understand human resources from the gender perspective.

At the beginning of the 2018, jointly with the EYE project, PPSE conducted an analysis on the employment status of Roma, Ashkali, and Egyptian (RAE) communities in Kosovo and future opportunities. We have assessed and mapped RAE businesses, stakeholders and possible sub-sectors where the RAE community is most active in.

4. Transversal Themes

4.1. Social Inclusion

The following parts represent minority mainstreaming in the FNI and Tourism sectors interventions for this reporting period.

Minority inclusion in FNI interventions:

- Under the FNI partnership agreements in intervention “Strengthening contract farming system” there are around 30 farmers (mainly Serb minority) or 10% of the overall number of beneficiaries. Furthermore, the OF project with Peppermint (business located in Leposavić/q) targets improving operational capacities and establishing specialized nursery for MAPs seedling production which is the first in the Northern part of Kosovo. Initially, 26 farmers will be benefiting free-of-charge seedlings for cultivation of MAPs which fall under contract farming intervention and their production will be used as raw material for companies’ processing needs of the essential oils.
- Under the SEC mission in Kosovo, 2 minority businesses have signed the agreements, one for improving sales and marketing services and the other one for enhancing product recipes and quality.

Minority inclusion in Tourism interventions:

- Under the tourism product development intervention, PPSE has included two minority municipalities, Zubin Potok and Leposavić/q, in the assessment for tourism product development opportunities (conducted by MDP – French company). The report outlines fitted opportunities for tourism product development that could attract potential investments of private and public sector.
- Under the tourism supply side survey, businesses owned by minorities in Štrpce/Shtërpçë, Gračanica/Gračanicë and northern municipalities, will be part of the annual assessment.

4.2. Gender

Women Inclusion in FNI Interventions

Within the FNI sector, 7 out of 19 partners are represented by women. Furthermore, through our partners, mainly under contract farming intervention, the inclusion of women is ensured both in contracting women farmers directly (from 234 contracted farmers, 90 are women) as well as workers (more than 40%).

- Activities and mechanisms aiming to improve quality and diversification of products and services, involves 28 companies from which 8 are owned, co-owned or managed by women. In addition, the project has supported the launching of the Global Mentoring Walks in Kosovo, with a total 100 women. This is a global initiative for mentorship targeting women entrepreneurs which was held in Kosovo for the first time. The goal of this mentoring initiative is to enable transfer of knowledge and skills from an experienced entrepreneurial woman (mentor) to another woman who aspires to become a successful entrepreneur/manager (mentee).
- Under contract farming partnership agreements that have been signed with processors, collection centres and nurseries, 3 out of 9 partnering SMEs are owned or co-owned by women.
- Two women owned SMEs are also part of the organic and Global GAP certification support.

Women Inclusion in Tourism Interventions

- As of the reporting period, in the tourism sector, women engagement has been ensured through the intervention specialised tourism occupation, specifically aiming equal number of women and men to be trained for city guides. 50% of participants are women.
- Tourism businesses that were promoted internationally through the international promotion intervention, have reported the engagement of two female guides in their activities.
- In addition, PPSE tourism team has facilitated the process of access to new sales channels for women owned businesses through the following activity:
 - Bear Sanctuary (potential OF grantee) – arranged a booth for the women owned business, to sell and exhibit their products in their shop.

7.2.2. Monitoring and Results Measurement

The MRM work in this semester was focused in developing intervention documents for Phase II interventions. The teams have initially developed two sector results chains, one for tourism and the other for FNI, which are utilized regularly for monitoring progress and systemic changes. Results chains have also been developed for all ongoing interventions for the two sectors. PPSE is also introducing an updated form (integrated in Visio) of MRM intervention plans. PPSE is planning to start impact assessments in October for all interventions, to comply with the end of season/cycle in both tourism and FNI sectors. Therefore, validated results for 2018 interventions will be presented in the PPSE 2018 end year report.

PPSE is also conducting two studies, one is the tourism supply side survey and the other one is related to the impact of using vegetable seedlings (cultivated by professional/semi professional nurseries) in production.

The tourism supply side survey is currently being conducted. In comparison to Phase I, this survey will be sampled to include all tourism related enterprises throughout Kosovo. The survey is planned to be conducted annually, to initially understand the income and employment impact of tourism sector throughout Kosovo, and afterwards to monitor annual changes. Findings of the survey will also be utilized to determine the employment proxy (used in the Phase I), based on tourism spending, for estimating attributable impact on employment.

The seedling production study is being conducted with a group of farmers involved in the FNI contract farming intervention that have been linked with an existing semi-professional seedling producer. In cooperation with the intervention partner, two groups of farmers are being monitored – one that received seedlings from an existing semi-professional seedling producer and another that produced seedlings themselves (with traditional methods). Through this, the team is trying to quantify the impact of using seedlings produced by professional nurseries. The findings can be utilized afterwards to measure the impact of the intervention and OF investment for introduction of specialized seedling producers.

As mentioned above, the PPSE methodology on tourism proxy and multipliers has been selected and afterwards presented by the MRM Specialist in the DCED-BEAM global workshop in Nairobi, Kenya.

7.3 Communication

In the first six months of Phase II, PPSE sought to communicate the impact of the Swiss support through a variety of channels and media.

Events: On March 1, 2018 PPSE organized the Phase II launch event. The event was officiated by the Swiss Ambassador to Kosovo and the Deputy Minister of Trade and Industry among others, with some 200 participants from the private and public sectors, donor organizations and the media. The event served as a platform to showcase concrete results and achievements from Phase I, and to introduce the way forward in Phase II. The event received very good media coverage.

On April 22, 2018, PPSE marked the internationally-observed Earth Day with a community initiative to raise awareness about keeping clean environment, recycling and planting trees, in support of tourism development activities. Following consultations with the PPSE team, the idea was picked up by the Municipality of Prishtinë/Priština, which resulted in the involvement of municipal entities, the University of Prishtina, private sector and NGOs to join the day's program with various activities. The event received extensive media coverage, and the role of PPSE as initiator was noted duly.

This year, PPSE and Swisscontact Head Office Communications Department provided support to the Association of Wood Processors of Kosovo with online and media promotion for Kosovo wood sector producers exhibiting at Swissbau Fair in Basel.

Public relations and communications-related assistance was provided to project beneficiaries and partner institutions as needed, e.g. with generating media news, drafting of press releases and event coordination.

Social Media and Online: In the reporting period, PPSE launched the new project website, which is in alignment with Phase II project design, is more user-friendly, mobile-device responsive, and with added back-end functionalities. The PPSE page on the Swisscontact worldwide website was completely updated to reflect Phase II activities, and to showcase Phase I results.

PPSE Facebook page remained the key vehicle of online project communication. The total organic reach (number of unique users, fans or non-fans, who saw the page posts) in the reporting period was 119,276. Our page posts were shared by the official Facebook pages of the Embassy of Switzerland; Swisscontact Worldwide; SDC Implementing Partners group, as well as partner or individual pages.

PPSE opened a Twitter account to test the ground in this platform too. PPSE uses a medium.com account to publish longer articles, which are then picked up by local media. Team members use personal LinkedIn accounts to further disseminate project news.

Publications and Videos: PPSE has published the following: a Phase II one-pager and an explanatory brochure on Senior Expert Corps service. PPSE developed one video to highlight [Phase I activities](#) and summarizing results, and one video on a [new tourism product](#).

Media Reporting: In the reporting period, PPSE and our beneficiary activities have received very good media coverage through: articles published in online news agencies about SDC-funded activities through PPSE; radio and TV interviews with PPSE team members and beneficiaries; TV reports on specific PPSE activities e.g. opportunity fund presentation, visit of South Korean journalists to Kosovo, or articles published initially by PPSE and then picked up by local media. See Annex V for a list of media mentions and appearances of PPSE, Swisscontact and SDC.

Compliance and Visibility: All PPSE communications materials follow the SDC branding and communication guidelines. Everything is published in English, Albanian and Serbian.

8. Lessons Learnt

Based on the experience of this reporting period, PPSE has identified several specific outcome-related lessons learnt, that will be used for guiding and improving implementation throughout Phase II.

- Following the Phase I experience of tourism product development in the Peja region, the team was expecting a high response of private sector in investing in tourism products. Contrary to this expectation, there was little interest from the private sector to invest in tourism products, particularly in Prishtina and Prizren regions. However, the response from the two Municipalities has been very positive, where several large tourism projects/attractions are under planning and implementation. The lesson learnt is that in big municipalities such as Prishtina, the potential of utilization of public funding or public private partnerships for developing bigger tourism products is eminent, in these cases PPSE should serve more as a facilitator for technical expertise and knowledge exchange.
- During this reporting period, promotional support has been organized more through associations and embassies. This has been done due to an increased motivation of association members and other actors to organize focused activities such as fairs, e.g. Biofach. This

turned out very successful, with more ownership from businesses when sector associations organize promotional activities.

- Sustainability of sector associations remains fragile. The current financing models of sector associations (such as Organika) depend on donor support (USAID). Nevertheless, their activities are successful for the time being where members benefit directly. PPSE will continue to support these sector association with activities that overlap with PPSE strategy and interventions. An active association that provides benefit to its members can be a powerful mechanism for gaining the support of members necessary to ensure sustainability.
- The involvement of women owned businesses along all interventions is low. This is due to the overall low level of women owned businesses in Kosovo. On the other hand, participation of women as workforce is satisfactory in all interventions. To increase women empowerment, PPSE has been implementing targeted interventions. At the farming level, this is specifically valid for the MAPs sector. The team is also seeking opportunities to work in the confectionary sector where there are more women owned businesses.
- Lack of food technology services and expertise remains one of the key challenges in the food processing sector. The team has learnt that a comprehensive sector wide solution is complex and quite improbable, thus the approach should rather be more company specific. PPSE is implementing and planning tailored approaches for SMEs through SEC experts, Coaching for Growth intervention, etc.
- Agriculture risks from weather conditions remain evident. This has been particularly valid for this year, where a considerable vegetables production has been damaged. This emphasizes again the need for crop insurance scheme. However, introducing crop insurance scheme requires a collective approach from both public, private and donor community. PPSE will continue to follow and participate the discussion related to the development of the crop insurance scheme by IFC and MAFRD.
- Opportunities for inclusion of minority and vulnerable groups in the two sectors are limited, therefore to target particularly the RAE community, interventions should also be focused in interrelated sectors such as waste management.