



Promoting Private Sector Employment

PPSE - Kosovo

Yearly Plan of Operations 2019



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Agency for Development  
and Cooperation SDC



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## List of Abbreviations

B2B	Business to Business
B2C	Business to Consumer
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
FTE	Full Time Employment
FNI	Food and Natural Ingredients
GAP	Good Agricultural Practices
HACCP	Hazard Analysis and Critical Control Point
HO	Head Office
HoReCa	Hotels, Restaurants and Cafes
IFC	Recognized Standard
ISO	Recognized Standard
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
NTO	National Tourism Organisation
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
SIF	Social Inclusion Fund

SHKF	Association of Fruits Producers
SHTIB	Association of Agriculture Input Dealers
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: 01.01.2019-31.12.2019
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Budget in phase (CHF) – 7,276,126.50 Spent in phase (CHF) <sup>1</sup>	Budget from 01.01.2019 31.12. 2019 (CHF) – 1,938,430
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	16
		Consultants (days): <sup>2</sup>	40
		National consultants (days):	32
		Riinvest (days):	48
		Swisscontact (days)	48

<sup>1</sup> PPSE has spent above 90% of the annual budget for 2018. Accurate figures will be provided once information is received from Swisscontact Headquarters.

<sup>2</sup> 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 2019, PPSE continued focus is to capitalize on interventions that have employment generation potential. Interventions implemented in 2018 have already produced important results towards this goal: PPSE has achieved around 20% or more of almost all targets. Sustainable interventions with scale potential remain the backbone of PPSE strategy. The 2019 interventions will contribute to achieving PPSE targets and bring about systemic changes in the Food and Natural Ingredients and the Tourism sectors, with specific annual targets of gainful employment generation (500 FTEs) and income generation (CHF 950,000) along SMEs of both sectors.

In 2018, interventions within the Food and Natural Ingredients (FNI) sector have produced significant employment and income generation results. For 2019, the team plans to continue with a similar sector strategy, with improvements based on learnings. Sector interventions are planned to impact the entire value chain. From an input-output perspective, three interventions target constraints at the input level. Input level interventions are: the establishment of specialized seedling production for vegetable sector, improvement of information and advisory services and expansion of contract farming for vegetables, MAPs and specific fruits. At the processing level, PPSE has planned to continue to support SMEs with product development, food technology training and increasing processing capacities. To further exploit opportunities around export market, services around certification, international fair exhibition and sales/buyers' mission will be facilitated. Regarding domestic market promotion, PPSE will facilitate tailored market services for SMEs offering new products and services as well as promotional activities for the local market. Finally, topics around sector organization will be explored, such as government subsidy schemes for agriculture.

In the Tourism sector, planned interventions target constraints and opportunities at supply and demand levels. PPSE will continue to support development of new tourism products in the municipalities of Pejë/Peć, Pristina and Prizren. Furthermore, the team has planned activities around improvement of agritourism offer. The growing number of tourists has increased the demand for tourism guides. Therefore, PPSE will support short-term trainings for tourism guides. At the demand level, PPSE employs a strategy around tourist market segments with the main objective of increasing the number of tourists, their length of stay and spending levels. Specific interventions and activities are designed around market segments such as German speaking, Turkish tourists, local, Diaspora, etc. While at the sector organization level, PPSE will follow developments and results of support provided to the Municipalities of Pristina and Prizren. Overall, the tourism sector is expected to produce higher results in 2019, also by considering the time lag between 2018 implementation and results in the sector.

The Opportunity Fund (OF) as an instrument will be integrated within both sectors. In 2019, the focus of OF investment will be on the tourism sector to improve tourism products, contrary to 2018 when all OF projects were in the food sector. PPSE will use the OF and Social Inclusion Fund (SIF) to reach out to riskier and more vulnerable businesses and projects.

Overall, the plan for 2019 is to yield more achievements and results. The PPSE focused approach and targeted interventions are expected to bring positive, systemic and sustainable changes for both sectors. Details of activities and plans are elaborated throughout the document and in the Annexes.

### 3. Plan of Operations January – December 2019

#### Impact

IMPACT: SMEs that operate in well-organized and inclusive economic sectors, provide increased sustainable gainful employment for young women and men in Kosovo	Impact Indicator	Baseline <sup>3</sup> 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	Impact 1.1 Net additional employment FTEs	850 FTE	2000 FTE	18%	T= 500 FTE
	Net additional employment (women) FTEs	270 FTE	600 FTE	25%	T= 150 FTE
	Net additional employment (minority) FTEs	75 FTE	200 FTE	25%	T= 50 FTE
	Impact 1.2 Net additional income increase CHF	CHF 2,000,000	CHF 3,800,000	20%	T= CHF 950,000

In 2019, the goal of PPSE is to continue promotion of inclusive and gainful employment for women and men in Kosovo. PPSE interventions have already produced significant results in 2018. The team has collected up-to-date results from major interventions, however accurate and validated results will be presented and reported with the PPSE 2018 Annual Report. The preliminary results indicate that in 2018, the PPSE interventions have generated around 350 full-time equivalent (FTEs) jobs, 300 within the FNI sector and 50 within tourism, with almost 1,000 people benefiting from employment. Annual targets for employment generation among women and minority groups have been met, with around 150 women FTEs and 50 minority FTEs generated in both sectors. Around 100 SMEs have reported attributable net additional income increase of 760,000 CHF.

For 2019, PPSE targets similar results, with greater effort on achieving higher employment results in both sectors. Particularly for **the tourism sector**, interventions are expected to produce **higher results in 2019**, considering the time lag between implementation and the results of 2018 interventions.

#### 3.1. Outcome 1: Young people women and minorities benefit from gainful and inclusive employment, created in the dynamic SME's in the growing sectors

Outcome 1: Young people women and minorities benefit from gainful and inclusive employment, created in the dynamic SMEs in the growing sector	Outcome Indicator	Baseline 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OC 1.1 Number of women and men gainfully employed	0	5,000	20%	1,250
	Number of women and men gainfully employed	0	1,500	30%	375
	Number of women and men gainfully employed (minority)	0	500	35%	125

<sup>3</sup> Based on the achievements of Phase I.

	OC 1.2 Income increase of 5,000 benefitting men and women through salary/wage	0	<b>CHF 9,600,000</b>	<b>12%</b>	<b>CHF 2,400,000</b>
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Under Outcome 1, PPSE will support interventions with employment generation potential, targeting the growth of SMEs in the FNI and tourism sectors. Interventions under this output aim at **improving the offer in both FNI and Tourism sectors**. Specifically for the FNI, PPSE will work towards the **improvement of SMEs products and services**, the upgrading of their **processing capacities** and the **expansion of contract farming system**. In the Tourism sector, the improvement of tourism offer is to be targeted through **support for introduction of new tourism products and attractions** as well as opportunities around **promotion of agritourism**.

Up-to-date results show that interventions within this outcome have contributed towards meeting almost all annual targets. Preliminary results show that the number of women and men who are gainfully employed (dominated by seasonal work) in both sectors exceeds 1,000. Whereas the annual targets for women and minority inclusion have been exceeded, with over 450 women and over 170 minority (including over 95 from RAE groups) that have benefited from employment. The team will continue to put great efforts in implementing interventions to further boost employment generation and earnings within both sectors in 2019. 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.**

Output 1.1: SMEs have improved the quality and diversification of products and services.	Output Indicator	Baseline 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OP 1.1.1 Number of new and improved products and services promoted through the SMEs	0	<b>150</b>	<b>21%</b>	<b>38</b>
	OP 1.1.2 Additional investment value for new products and services	0	<b>CHF 5,000,000</b>	<b>17%</b>	<b>1,250,000</b>
	OP 1.1.3 Number of SMEs offering new and improved products and services	0	<b>100</b>	<b>17%</b>	<b>25</b>

#### Food and Natural Ingredients Sector

Under the Food and Natural Ingredients (FNI) sector, the project will continue to **support SMEs to improve the range of products and services**, as well as **increase investments**. In 2018, PPSE has completed activities of the intervention that enabled **exchange of knowledge and information exposure for development of new products**. Seventeen SMEs have benefitted through the platform 'Coaching for Growth' in cooperation with CEED Kosovo. These SMEs are expected to introduce soon new products and improved existing ones. The PPSE has also worked directly with 7 SMEs through SEC missions and business advisory services for business growth in the fields of introduction of new products, improvement of sales and marketing services and investment. Complementary to sector interventions, the project utilized its Opportunity Fund to support SMEs in new technologies for the production and development of new products and services. Altogether, through this output, PPSE



aims to boost business growth and strengthen the competitiveness of Kosovo products and services in the food processing sector.

In 2019, PPSE intends to build upon achieved results, where ‘graduates’ of ‘Coaching for Growth’ intervention will launch new products in the market. PPSE will further support these and other ‘innovators’ with specific expertise in food technology services, coaching on marketing and product development, as well as co-finance upgrade of technology. Through interventions and activities under this Output, the FNI sector targets to **facilitate 25 new/improved products and services offered by at least 15 SMEs; investments of additional CHF 850,000 (including OF and SIF instruments).**

1. **Coaching for Growth:** The project will facilitate services regarding individual coaching in product development and marketing as well as organize regional or international study visits. This will be provided for a group of food processors to be selected from a pool of existing ‘Coaching for Growth’ ‘graduates’ and new potential ‘innovators’. Potential partners for this intervention could include **specialized service providers** or **individual consultants (e.g. Recura, CEED, BCC)**. The specific expertise to food processors as per their need in products and services will be also addressed through **SEC Missions**. This intervention is expected to lead directly to **new and improved products** for the food sector, **increase in sales of domestic processors** and indirectly to **increase in investment and employment**.
2. **Facilitation of Food Technology Services:** Lack of expertise in food technology continues to be a major setback for food processors in Kosovo. After failed efforts to collaborate with BUTGEM centre in Turkey, PPSE has identified another potential partner in Bulgaria – the **University of Food Technology in Plovdiv**, which can provide tailored short-term trainings for food technology. This entity is already supporting similar programs in the Balkan countries. The PPSE intends to support an intervention in **short-term training for SMEs food technology staff**. This has been planned to be implemented in cooperation with **CEED Kosovo**, which will organize a group of SMEs (including ‘Coaching for Growth’ graduates) willing to co-finance food technology trainings for their staff.
3. Through the intervention **“Specialized Production Lines”** the project aims to co-finance specialized production lines for food processors. To introduce specialized production lines, the project will support **investment in new technologies (complemented with the OF)**. A successful example is the support provided to PNK through the opportunity fund, where the company has upgraded all production facilities and invested in a new production line. This intervention is opportunity driven and it expects to lead to new products and improved ones, increase contracted cultivation, additional investments and increase of sales and revenues for SMEs. Through this intervention PPSE will target smaller processing companies that will not enquire huge investments which will enable them to specialize on specific products (possible benefiting partners: Herbakos, Genci, Vicianum, Sweet Pop, etc).

### Tourism Sector

The PPSE will facilitate interventions and activities for the improvement and introduction **of new tourism products and services**, targeting segmented markets (Diaspora, regional and local tourists). In 2018, four new tourism products have been developed in Prizren, including Paragliding, Kayaking, Glamping and Biking. These products are expected to be offered in the market by spring 2019. PPSE has provided technical support to the Municipality of Pristina for developing a museum management model and planning for three new museums.

In 2019, **the focus will remain in Prizren and Pristina** for developing tourism products and attractions. The team will also seek **opportunities in the Pejë/Peć region**. The team will explore working in rural tourism for developing packages and improving offer around culinary tourism and tours. Alto-

gether, the PPSE targets to facilitate the development of **15 new/improved tourism products** with at least **10 SMEs**, generating private investment of over **CHF 400,000**.

1. As mentioned above, within the “**Tourism Product Development**” intervention, the team will continue to seek opportunities for collaboration with the private sector in investing in tourism products around Pristina, Prizren and Pejë/Peć. The region of Zhupa (Recan, Mushnikove and Prevala) has shown potential in terms of tourism growth, flow of tourists and readiness of the private sector to invest. The team is currently working with private sector partners to develop five new products such as: **Botanic Garden in Badovc, Camping in Pejë/Peć, Escape Room in Pristina, Zip-Line and Via-Ferrata in Prizren**, which are expected to be developed in early 2019. In Pristina, the team intends to launch a call for proposal aiming for co-financing investments in **tourism products from the private sector**. The goal of the intervention is to increase the number of tourists, length of stay and spending levels of Diaspora, local and regional tourists.
2. Regarding the “**Tourism Attractions**” intervention, the team will closely follow the implementation of the Municipality of Pristina regarding the **development of three museums**. Technical support will be considered for the Municipality of Prizren, which has dedicated the budget for opening the **Filigree and Mother Teresa Museum**.
3. The PPSE intends to pilot an intervention for improving the **culinary offer of rural restaurants** through supporting restaurants in improving their offer (recipes) as well as improving **supply linkages with surrounding farmers**. Opportunities will be sought around **Prizren, Pejë/Peć, Pristina and Rahovec/Orahovac (for winery tours)**.

#### Output 1.2 SMEs have increased production

Output 1.2: SMEs have increased production	Output Indicator	Baseline 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OP 1.2.1 Number of farms and SMEs involved in contract farming	350 SME	1,000 SME	32%	250 SME
	OP 1.2.2 Increase of contracted production	200 ha	500 ha	70%	125 ha

Through this output, the PPSE will continue to support **contract farming expansion for the sub-sector of vegetables, non-wood forest products and fruits**. In 2018, the PPSE-implemented interventions seek to increase the primary production for the processing and export industry as well as the collection and processing capacities. The PPSE has reached to around **225 additional farmers** who were involved in contract farming and additional **363 hectares** were cultivated to meet the contractual needs of nine partnering processors, collections centres and exporters.

In 2019, the PPSE will further expand the intervention with **existing value-added crops** (e.g. cultivation of NWFPs) and potentially including new crops, new farmers and partners. As for the subsectors, more emphasis will be given to **MAPs and soft fruits**, while for vegetables, the focus will be on **increasing production in new regions**, while in the **existing regions to increase of productivity**. Support will be provided to existing specialized seedling producers for upgrading technology. Furthermore, opportunities to link primary production with new sales channels (e.g. HoReCa) will be further explored and linked to tourism. Such examples can be promotion of slow-food concept and agritour-

ism, which represent potential in attracting higher number of local, diaspora and regional tourists. Interventions under this output aim to reach **the target of 250 farms cultivating 125 ha through contract farming.**

1. **“Strengthening Contract Farming System”** intervention will be further expanded from the first year, as it has proven to be very successful and has brought the largest number of employees in the first year. **For existing farmers** support will be provided to **increase productivity** (e.g. machinery, access to specialized seedlings, etc.). **For new farmers**, support will be provided to contractors (e.g. collection centres, processors) **to increase capacities for aggregating or processing more primary production** (e.g. drying machines) as well as enable services to these new farmers such as **training programs and inputs**. Specific focus will be dedicated to the **MAPs sector**, in increasing the capacities of new collection centres in new regions, therefore mobilizing new farmers nearby. **Cultivation of organic MAPs** has proven successful for small farms and households (typical for Kosovo contexts) with an ever-growing demand for export.
2. In 2018, the PPSE has supported the **“Introduction of Specialized Seedling Producers”** for vegetables and MAPs through Opportunity Fund and interventions. The project will continue to work with seedling producers in order to **further increase their capacities and know-how**. The aim of this intervention is to increase the quality of seedlings produced in Kosovo as the first step towards increased productivity at the farm level. Furthermore, the PPSE will seek to **introduce seedlings produced by nurseries within contract farming system**. Buying seedlings from nurseries can be an initial added cost for farmers, which is presumed to pay-off with higher product quality and yield. To motivate contracted farmers in buying seedlings from nurseries, PPSE plans to implement a diminishing subsidizing model (supporting seedlings costs with 50% in year one and 20% in year two). Utilization of professionally produced seedlings is expected to increase the productivity in vegetable production by at least 30%<sup>4</sup>.

### 3.2. 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	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OC 2.1 Number of SMEs benefit from using new or improved support services	0	150 SMEs	23%	38 SMEs
	OC 2.2 Net additional income increase of 150 SMEs	0	CHF 3,800,000	20%	CHF 950,000
	OC 2.3 Institutions are more responsive to private sector growth	0	Qualitative assessment based on FGD of key institution personnel		

The PPSE will continue to facilitate improvement of business development service provision, access to sales channels, organisation and networking in the FNI and tourism sectors. In 2018, within the FNI sector, the team has supported certification services for SMEs, trade fair participation and trade linkages through sales and buyers’ missions. The focus regarding support services in tourism sector was mainly for non-formal training, while regarding promotion – extensive support was provided to fair

<sup>4</sup> Informal observation and evaluation with sector actors and experts.

participation, organization of familiarization and press trips and targeted promotion. Significant results have also been recorded in both sectors in terms of sector organization and networking. Around 35 SMEs have benefited directly from PPSE supported services, while the net additional income benefit of SMEs as a result of all PPSE interventions in 2018 exceeds CHF 760,000.

In 2019, PPSE will **intensify interventions and activities** within this Outcome, prioritizing a more results-oriented approach. Within the FNI sector, support will continue to be dedicated to services such as **certification that enable export growth**, while additional focus is planned for supporting **tailored marketing services for SMEs and improving information and advisory services to farmers**. Regarding market access, **support to trade fairs** will continue with trade fair participation and direct trade linkages (through sales missions), whereas additional efforts will be given to implementation of activities around **local promotion**. In the tourism sector, the team will prioritize activities in increasing the **access and flow of tourists around identified segments**. Specific promotional activities will be implemented based on these market segments. Regarding sector organization and networking, the team will monitor and follow successful interventions in tourism and implement further activities around **waste management topics**.

Details of interventions and activities that will lead to results are presented in detail under respective outputs.

### Output 2.1: Service Providers offer improved business support services

Output 2.1: SPs offer improved business support services	Output Indicator	Baseline 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OP 2.1.1 Number of SMEs using new and improved services offered by service providers	0	300	21%	75

#### Food and Natural Ingredients sector

Within this output, the PPSE will **continue to support providing business support services around certification of food safety & quality standards, marketing and information**. In 2018, PPSE facilitated Organic and Global GAP certification services for 30 SMEs through respective sector associations. Support was provided for cost-subsidizing certification and services within associations to prepare SMEs for certification. Certification services were provided by Albinspekt from Albania for Organic, while a local service provider GAP Plus provided Global GAP certification services.

In 2019, PPSE intends to continue support for certification programs by reducing the PPSE contribution for already certified SMEs. Certification has proven key to unlocking export market access for SMEs, therefore the **sustainability of this intervention** is linked to export channels for these SMEs. With regards to marketing services, the PPSE will explore opportunities in **supporting SMEs that launch new products (output 1.1) with marketing services**. A pilot has been initiated in December 2018, where one SMEs has been linked with a marketing agency for branding and design of new products. Towards the end of 2018, the PPSE has also started an intervention with **agriculture input dealers' association**, with the aim of **improving information, advisory and services of agriculture pharmacies**.

1. The intervention **“Facilitation of Certification Programs”**, will continue to be implemented to further support SMEs in accessing export market opportunities. This intervention is also linked with Output 2.2. The aim of the interventions is to **support certification programs**

**that unlock export potential for SMEs.** The partnership with ORGANIKA will continue for supporting SMEs for organic certification, while the team will evaluate the best partnerships of support for other certification programs such as Global GAP. Modalities of support will include **cost-subsidies (reducing the support share of already certified SMEs) and certification implementation services.**

2. Through the intervention **“Facilitation of Marketing Services”**, the PPSE aims to promote **access and usage of marketing services such as branding, design, promotion, marketing intelligence and marketing plans.** Such services are considered to have a direct impact on the market performance of SMEs and expected to **contribute to an overall increase of sales and business growth.** This is planned to be facilitated through marketing agencies. The PPSE has already organized a meeting with a group of marketing agencies, in order to explore possibilities of offering tailored and feasible marketing services to small and medium food processors, where one agreement between a marketing agency and an SME is already signed. PPSE plans to co-finance the cost of marketing services for SMEs. The intervention is opportunity driven and expects to improve marketing of SMEs when launching new products – linked to output 1.1.
3. The intervention **“Improved Information Services (Advisory Services)”** is being implemented in partnership with SHTIB (the Association of Input Dealers) since September 2018. The intervention aims to improve the system and quality of information provision from agriculture pharmacies to farmers. Activities under this intervention include a **baseline assessment of agriculture inputs and information delivery in Kosovo, exchange visits for learning from best regional practices, trainings for agriculture pharmacies, and roundtables for sector related topics.** Further support and/or scale up of this intervention aims to improve information services and will be planned after the completion and assessment of the intervention.

### Tourism Sector

Within this output, the PPSE supports tourism SMEs with **short-term non-formal trainings for specific demanded occupations.** In 2018, PPSE facilitated short-term trainings for more than fifty individuals in specific market demanded professions such as: city guides, mountain guides and waiters. In 2019, PPSE will continue to support similar short-term trainings based on market demand.

1. Within the intervention **“Specialized Tourism Occupations”**, the team has already identified **two non-formal trainings for support.** Specifically, the first will be organized for around twenty individuals who will be trained as **French-speaking city guides**, while the second is a training for **mountain guides in Western Kosovo.** Other ad-hoc support will be explored with priority to training for guides (cultural, nature, adventure and city tours) due to market opportunities. The objective of this intervention is to improve the tourism offer of Kosovo, particularly in response to growing demand for visiting the country.

### **Output 2.2: SMEs have improved access to sales channels**

Output 2.2: SMEs have improved access to sales channels	Output Indicator	Baseline 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OP 2.2.1 Number of SMEs using new and improved sales channel	0	300	15%	75

	OP 2.1.2 Number of joint promotional activities for market segments	0	50	22%	12
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#### Food and Natural Ingredients sector:

Under this Output, the project will **continue to facilitate access to new sales channels for SMEs** both in domestic and international markets. In 2018, PPSE has facilitated participation in international fairs and sales missions with the aim of accessing new sales channels. Particularly successful was the support provided to ORGANIKA members for exhibiting in Biofach fair, where SMEs recorded sales of over €1 million. The facilitation of sales mission was implemented through a Swiss co-facilitator (Triple E), which proved successful in attracting major Swiss buyers for Kosovo products.

Considering the success of the above-mentioned activities, in 2019 the PPSE will continue to provide support the same activities. PPSE will explore additional activities in supporting SMEs for participating in other international trade fairs. Regarding access to domestic market, the PPSE plans to support promotional spaces in small shops (e.g. restaurants, pharmacies) and media promotion for increasing the awareness for quality local products.

1. Through the intervention **“Support Linkages for Trade Fair Participation”** the project will support **ORGANIKA members in exhibiting in Biofach fair in 2019**. Support to other international fairs will be explored mainly within **sector associations**. Such a support was also provided in the end of 2018, where the association of fruits producers (SHKF) participated in the Interpoma apple fair in Italy. The goal of this intervention is to enable establishment of new export linkages for Kosovo SMEs.
2. Through the intervention **“Facilitation of sales'/buyers' missions”**, the project will continue to work with Triple E, which is a specialized matchmaking company for the Swiss and German market. This will be done to enable domestic companies **building long-term partnerships in various sub-sectors**, particularly targeting high end products, such as organic. Activities under this intervention include visits of selected Kosovo SMEs to foreign potential buyers and returning visits of the latter to Kosovo companies with business cooperation potential. As a direct result of activities under this intervention, one Swiss company (Biopartner) has signed a contract with Eurofruti, while another visit of a major Swiss buyer (Erboristi-Lendi) to selected Kosovo SMEs is expected in early 2019.
3. Through the intervention **“Promotion of Local Products in the Domestic Markets”**, the PPSE plans to support SMEs to improve access of domestic producers (mainly small-scale) to domestic market. Support activities will be detailed in collaboration with groups of small-scale producers. Potential activities include establishing promotional spaces within target sales channels (such as HoReCa), joint promotion, promotion through TV shows, etc. The aim of this intervention is to increase the sales of domestic products in Kosovo.

#### Tourism sector

The main aim of interventions from this output are to **facilitate tourism SMEs to enable and improve sales channels per market segments**. The PPSE up-to-date analysis and observations show that the most potential growth in tourism comes from the following segments: local and Diaspora tourists, regional tourists (especially from Turkey and Albania), international tourists visiting the Balkans (mainly in multi-country organized tours) and German-speaking tourists for outdoor and city tourism. In 2018, the PPSE has supported activities such as fair participation, fam- and press trips for targeting Asian tourists, and tailored promotion through specialized media outlets.

In 2019, the PPSE will intensify activities around market segments. This implies that the PPSE will cooperate with tourism associations and SMEs to target markets and tourists of identified market segments. The promotion of Kosovo tourism offer and linkages between Kosovo and international tourism operators will be done through activities such as: business linkages with source market, fair participation, tailored promotion, and familiarization trips. The PPSE targets improvement of sales channels for at least 30 SMEs and support provided for organizing at least 5 joint promotional activities for market segments.

1. With regards to **German-speaking** segments (tourists from Switzerland, Germany and Austria), the PPSE intends to engage the Swiss company Triple E. As a result of this intervention, the PPSE expects at least **two major travel agencies from Switzerland to include and promote Kosovo** as part of their tourism offer. This will then lead to more Swiss tourists visiting Kosovo for outdoor and city tourism.
2. For promoting Kosovo to **Turkish tourists**, the PPSE will support SMEs through sector associations in exhibiting at the EMMIT fair Istanbul in January 2019 as well as facilitate **direct business linkages between tour operators**. The potential and modalities of promoting Kosovo in the Turkish market has been assessed by consultant Elita Alo, which revealed a high number of tourists visiting the neighbouring countries through organized tours and for purposes such as cultural and alternative tourism. The PPSE will implement follow-up activities (based on assessment findings) to further promote Kosovo tourism offer in the Turkish market, through direct exchanges with Turkish travel agencies.
3. The PPSE plans to support promotion and sales of tourism products to **local and Diaspora tourists** through the introduction of a **voucher scheme**. This will be done through linking product owners with telecom companies (e.g. Vala). This is expected to lead to telecom companies promoting over 20 tourism products in Kosovo and offering these products directly for their clients. The PPSE will facilitate the design of the package, coordination and promotion of these vouchers. This represents an opportunity for targeting over 1,000,000 Diaspora tourists<sup>5</sup>.
4. Specific activities around the segment of **tourists visiting the region (Balkan Tours)** will be defined, in early 2019, once the PPSE meets with main international tour operators in the region that sell Balkan tours. The PPSE intends to support activities with the aim to extend the length of stay and include Kosovo in ‘visiting Balkans’ packages in Kosovo.
5. In cooperation with **Turkish Airlines in Kosovo and Butterfly Outdoors**, the PPSE is planning to explore new potential markets, such as **Scandinavia by promoting Kosovo in these markets** and introducing Kosovo tourism offer directly to the interested tour operators through fam- trips and business linkages.

### Output 2.3: Stakeholders have improved sector organization and networking

Output 2.3: Stakeholders have improved sector organization and networking	Outcome Indicator	Baseline 2017	Phase Target	Cumulative % Reached in Phase	2019 (T=Target)
	OP 2.3 Number of joint initiatives for improving networking and sector organization around selected topics: waste man-	0	10	50%	3

<sup>5</sup> Number of Diaspora tourists that have visited Kosovo in 2017 based on Kosovo Agency of Statistics.

agement, market segments, promotion, coordination and sharing of knowledge				
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### Food and Natural Ingredients sector

The food sector (throughout all value chains) is scattered and poorly organized. In 2018, the team has put great efforts to work in collaboration with sector associations. Successful interventions have been implemented with BMOs such as ORGANIKA, Mjedra e Kosoves, SHTIB, SHKF, KMC, etc. Specific support with regards to sector organization was provided to SHTIB for organizing an exchange visit in Albania to learn more about good regional practices and to KMC for organizing the manufacturing convention. Sector topics, such as internal trade law, were closely followed, however no major changes have been recorded yet.

In 2019, the PPSE plans to **support sector organization in topics regarding subsidy schemes and impact in agriculture and food processing**. This topic has emerged through consultations with sector associations and is regarded as highly important considering the difference and effectiveness of subsidy model applied in Kosovo vs. regional countries. The team will also explore issues regarding **compliance of laboratory analysis in Kosovo for products exported in EU markets**.

1. To evaluate the impact of subsidy schemes for agriculture and food processing in Kosovo, the PPSE will support a comparative study on **“subsidy support schemes”**. Current subsidy models in Kosovo are regarded as sub-optimal by many market actors. Regional practices will be evaluated for drawing the best practices that Kosovo can apply. Topics will include the model of subsidizing crops based on input vs. output, export support, etc. The PPSE intends to utilize the findings through involving BMOs and public bodies in order to foster the growth of agriculture and food processing sector.
2. Kosovo exporters face with documentation compliance problems regarding product analysis (e.g. phytosanitary). The PPSE will explore problems behind this phenomenon by talking to relevant bodies (e.g. Institute of Pejë/Peć). Because of these restraints, Kosovo exporters are forced to conduct additional analysis for their products from EU based bodies. An internal rapid assessment will show whether this problem can be tackled through PPSE support.

### Tourism sector

The PPSE will follow-up and continue facilitation of activities under this output **to contribute to improvement of coordination between public and private sector and cooperation among private sector actors and associations**. In 2018, the PPSE implemented activities around Tourism Law, Tourism strategies for the Municipalities of Pristina and Prizren and conducted an assessment regarding the potential ban of plastic bags in Kosovo. Specifically, the PPSE supported the MTI to draft the Tourism Law by commissioning expertise and ensuring the private sector inclusion, while in Prizren and Pristina support was given through expertise applying the SGDM methodology. As an immediate outcome of the Tourism Strategy, the Municipality of Pristina, with the support of PPSE, has re-functionalized the Tourism Info Point. Furthermore, PPSE will initiate the organization of a regional SDC funded projects dealing with development of tourism sector in the region. This will be an initial step that would lead to regional collaboration of national stakeholders.

In 2019, the PPSE will follow up on the developments regarding the **Law on Tourism and implementation of tourism strategies in Pristina and Prizren**. Support will be provided for achieving a sustainable model for the functioning of **Pristina Tourism Info Point**. Furthermore, specific activities will be supported in cooperation with the Ministry of Environment and Spatial Planning (MESP) to mobilize local actors (plastic producers, retail chains, municipalities etc.) in addressing this issue by finding the



best modalities to **reduce/ban the usage of plastic bags – utilizing assessment findings**. Additional sector topics such as the **VAT reduction for accommodations** will be explored in cooperation with sector associations. Further coordination activities among private sector actors will be organized based on interventions such as: trade fair participation, product development, etc. Overall, the PPSE intends to achieve at least two joint initiatives under this output.

1. Regarding the **reduce/ban of usage of plastic bags**, the PPSE has shared preliminary findings of the assessment with the MESP. The findings present three major modalities for moving forward: tax on plastic bags, replacement of non-bio degradable bags, ban of plastic bags. Considering the willingness of the MESP officials, the PPSE will support activities, e.g. **round-tables to coordinate public and private sector in finding the best joint modality for this issue**. These activities are expected to start in January.

### 3.3. Other Outputs

#### 3.3.1. Opportunity Fund

In 2018 and 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 to better integrate OF within sector interventions. In 2018, the PPSE received 33 Expressions of Interests; 9 applicants had the opportunity to develop the Concept Note, and 3 co-investment agreements were signed as per the planned budget for 2018.

In 2019, the PPSE will give priority to OF interventions for the Tourism sector, with a focus on tourism product development. The team has put great efforts into promoting development of tourism products through approaching businesses and the Municipalities of Pristina and Prizren. A Call for Proposals for tourism products is planned to be launched in the beginning of 2019. The team has seen potential for development of tourism products in the Prizren region, where over potential SMEs have been recently reached. The PPSE team will continue to explore for innovative opportunities from both sectors.

In 2019, the PPSE will revisit the existing manual with the intention of further integrating the OF processes within the sector strategies by building substantial roles of sector facilitators in identification, deal-making and monitoring of OF interventions. In addition, the changes of the manual intend to strengthen the due diligence of partner's co-investment.

#### 3.3.2. Social Inclusion Fund

The Social Inclusion Fund is an instrument that supports private sector employment creation for the minority communities and other socially excluded groups. In 2018, through SIF, PPSE implemented five partnerships, with three interventions: waste management, bio-pellet, and training of waiters/waitresses, and two assessments: a feasibility study for the social enterprise for TOKA, and an assessment for gender stereotypes in educational choices, done in cooperation with the EYE project.

In 2019, the SIF will build upon the intervention regarding waste management in the Gračanica/Graçanicë municipality, where RAE community were specifically targeted. The intervention regarding the bio-pellet production was signed toward the end of 2018. This intervention will be implemented in 2019 and aims at increasing the production capacity and quality of pellet-production in Novobërdë/Novo Brdo. Furthermore, , the PPSE will carefully consider through SIF the individual requests coming from the RAE community, especially those that compliment sectors' intervention areas and activities. SIF will utilize its activities through typical grants, as well as interventions that target a wider system change for socially excluded groups, including women and other minorities. Priority will be given to opportunities for job creation and income generation of disadvantaged popu-

lations. Moreover, SIF will look for the business opportunities among Kosovo Serbs that will support increasing business capacities and market penetration of certain products and services.

## 4. Transversal Themes

### *Social Inclusion*

Besides utilization of the Social Inclusion Fund through which we target disadvantaged populations and groups, mainly RAE communities, the PPSE will continue to design sectors' focused intervention i.e. in minority areas or with women partners, as well as, mainstreaming activities in specific sub-sectors with higher potential for inclusion.

Successful examples of mainstreaming and targeted interventions in 2018 include: contract farming, Peppermint through OF, and training of waiters/waitresses through SIF. Within contract farming intervention, around 29% of additional engaged workers by farmers belong to the RAE community. One partnership was done with a Serbian business (both through contract farming and OF) that contracted 26 Serbian and Bosnian farmers. Furthermore, around 40 young Serbs from rural areas were trained for hospitality occupation through a short-term training supported by the PPSE.

For 2019, the PPSE will aim to ensure inclusion throughout the following interventions and activities:

- Under the Tourism sector, the PPSE will explore inclusion opportunities for minority business in targeting regional tourists' segments, with a special focus on tourists from Serbia. This can include activities such as: familiarization trips, fair participation, etc. Furthermore, opportunities for tourism product development will be sought in cooperation with minority private sector in Gračanica/Graçanicë, Štrpce/Shtërpçë, Novobërdë/Novo Brdo, Zubin Potok, and/or Leposavić/q.
- Under the FNI sector, the PPSE will continue to mainstream minorities under the contract farming intervention, especially in the MAPs sector. In addition, project will explore opportunities to create business linkages and new sales channels for products offered by businesses that are run by socially excluded groups. Additionally, minority run businesses will be targeted through OF, especially focusing in increasing their production and processing capacities.

### *Gender*

Through the PPSE interventions implemented in 2018, gender equality and women economic empowerment was mainstreamed throughout the sectors' interventions. Specifically, in the FNI sector, women were well represented as a labour force with up to 40% of the overall employment generated. Within the FNI sector, 7 out of 19 PPSE partnerships were with women owned businesses, and 90 out of 209 contracted farmers were women. In tourism sector, six out twelve trained city guides were women.

PPSE aims to reach all targets for women inclusion through interventions in FNI and tourism sectors in 2019. Special efforts will be made in mainstreaming women along interventions at both sectors as well as empowering women with targeted activities. A workshop on planning activities and interventions for gender mainstreaming was organized in December with the support of the Swisscontact gender specialist.

In the FNI sector, efforts to include women farmers in "contract farming" intervention (as farmers as well as employees) will continue. Separate activities will be part of the same intervention in order to

provide proper information and training services to women directly. In addition, specific support (opportunity driven) will be considered for women entrepreneurs in the confectionary sector, particularly through Output 1.1., will directly impact women owned businesses since most of the businesses in this sector are owned by women. Additionally, women businesses will be supported and prioritized for fair participation activities.

The project will continue to mainstream women throughout activities in both sectors. In the tourism sector, activities that improve the food supply to tourism will be piloted, in which the PPSE will prioritize women-led or dominated households for providing support. Other interventions in tourism, where priority will be given to women employment, will be in the “specialised tourism occupations” (e.g. guides, waiters, chefs, etc.) and “development of tourism products”.

### 7.2.2. Monitoring and Results Measurement

The PPSE will continue monitoring all on-going interventions, updating result chains, monitoring plans and collecting more qualitative data for steering interventions. The DCED standard and Swisscontact MRM guideline will continue to be utilized for results measurement and monitoring system of the PPSE. The team will use ongoing monitoring data from frequent field visits and change intervention plans for improving the business models.

In 2018, the team has worked extensively to complete MRM documents for all ongoing interventions. In this regard, the team has developed two sector results chains and MRM documents (concept notes, results chains, monitoring and intervention plans) for all ongoing FNI and tourism interventions. Two extensive assessments have been conducted, one regarding the tourism supply side survey and the other for impact assessment of contract farming intervention. Both assessments were managed by the project through engaging enumerators and consultants (for the tourism supply side survey), with a sample of 468 SMEs for the tourism supply side survey and 211 farmers for the contract farming impact assessment. A major milestone for the PPSE in 2018 was the presentation of the PPSE tourism employment proxy and multiplier methodology at the BEAM DCED annual event.

In 2019, the team will update and prepare MRM-related document for ongoing and new interventions. Furthermore, results from intervention assessments and monitoring will be utilized in cooperation with the management to steer and decide for interventions. Several assessments have been planned to improve monitoring and steering of PPSE. Initially, the tourism supply side survey will be conducted again for Kosovo wide in order to capture the changes of the sector for the 2018 year.

Intervention assessments are planned for contract farming intervention (toward the end of 2019) and tourism interventions with regards to measuring the attributable impact of additional international tourists. This assessment, along with tourism supply side assessment, will enable the team to utilize tourism employment proxies and multiplier methodology for calculation of employment and income impact in the tourism sector. While for specific interventions (e.g. product development) the team will continue to conduct one-to-one assessments with beneficiaries.

To improve the monitoring, reporting and steering system, the teams plans to outsource two new assessments, one regarding agriculture indirect impact (multipliers) and another regarding the impact of specialized seedlings usage in agriculture product yield and quality.

## 7.3 Communication

In 2019, PPSE will seek to communicate about impact. The communications strategy and activities will demonstrate a healthy balance between “institutional communication” (i.e. informing the public

about SDC and PPSE work; support visibility of the agency and project, and further cultivate public relations) and “communication for development – C4D” (i.e. facilitate access to information, stimulate participation and help power people, and seek to influence). The core message will revolve around the Swiss Government contribution to the private sector development and job creation in Kosovo, with a view to impacting economic and social change through appropriately crafted messages and supporting content.

To further grow into the C4D concept, this year PPSE will use transformational storytelling to present results achieved through the stories of “characters with agency”, so as to help focus the attention of audiences more and convey information through human experiences, to give the message that change is possible and motivate people to act.

The nature and intensity of communications efforts will rely primarily on intervention activities and outcomes of each sector. Communication materials will support sector needs, adapted per key audiences identified, conveyed through a variety of communication channels and tools: social media, project webpage, articles placed with media outlets (online and traditional), project newsletter, videos and more. This year, PPSE will open an Instagram page to further complement the presence in social media and address younger audiences that use this channel primarily.

The PR and Communications Specialist will collaborate with team members and provide advice or support as needed to project partners in their efforts to communicate results through promotional events or materials. Following the successful organization of International Earth Day on 22 April 2018 that grew to an event supported by the Municipality of Prishtina, this year the event will be organized jointly with SIF in the Municipality of Gračanica/Graçanicë to generate more visibility for the various recycling and job creation activities for Roma in the area and use the opportunity for awareness raising with potential for initiation of behaviour change on a wider scale. Other communications-driven activities in support of project goals will focus on highlighting gender mainstreaming, job creation for women and other socially excluded groups, and environmental concerns, among others.