



Promoting Private Sector Employment

PPSE - Kosovo

Semester Report 2020

1 January 2020 – 30 June 2020

Prishtinë/Priština



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
BCC	Business Consultants Council
BMO	Business Membership Organisation
CHF	Swiss Franc
DCED	The Donor Committee for Enterprise Development
ENE	Economy and Employment
EYE	Enhancing Youth Employment
FTE	Full Time Equivalent
FNI	Food and Natural Ingredients
F&V	Fruits and Vegetables
HO	Head Office
HoReCa	Hotels, Restaurants and Cafes
KIESA	Kosovo Investment and Enterprise Support Agency
KMC	Kosovo Manufacturers Club
MAPs	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
SC	Steering Committee
SDC	Swiss Agency for Development and Cooperation
SEC	Senior Experts Contact
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: 01.01.2020-30.06.2020
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Budget in phase (CHF) – 7,276,126.50 Budget spend in phase (CHF) 4,024,575.22 (CHF)	Budget from 16.11.2017- 31.12.2019 (CHF) – 4,168,872.50 Budget planned 2020 (CHF) 1,921,210 Budget spent 01.01.2020- 30.06.2020 (CHF) 808,095
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: 17
International Consultants (planned days): ¹ 8	Int. Cons (executed days): ² 6
National consultants (planned days): 32	National Cons (executed days): 25.5
Riinvest (planned days): 48	Riinvest (executed days): 18
Swisscontact (planned days): 48	Swisscontact (executed days) 21

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

The first semester of PPSE Year 3 coincided with the outbreak of the COVID-19 pandemic, a global event that impacted deeply every aspect of economic and social life worldwide due to the ensuing quarantine and lockdown measures. In Kosovo, such measures were put in place since mid-March, and have heavily impacted and affected the two economic sectors PPSE is working with: food and natural ingredients production and processing, and tourism, the latter bearing the harshest blow.

The same unforeseen circumstances that impacted and affected the two economic sectors PPSE is working with also became fertile ground for the emergence of innovative ideas. Such ideas are distinguished for being a timely response from the private sector to unforeseen arising needs come to fruition as a result of Swiss Agency for Development and Cooperation support through PPSE. Also, for being based on digital technologies and opportunities enabled by online tools. This Semester Report covering the period of January – June 2020 is compiled in such style as to combine the regular reporting on progress within each specific Output, and with the changes imposed by COVID-19.

Such changes entailed temporary halting of certain interventions and activities, i.e. international promotion in Tourism and facilitating trade linkages in FNI; adaptation of ongoing interventions and activities, i.e. development of new tourism products shifting the focus on sector coordination and redesigning of tourism offers for domestic visitors and utilizing digitalization for opening new sales channels for local producers, and continued work towards other pre-determined interventions and activities, i.e. support to companies and the marginalized groups through the Opportunity Fund and Social Inclusion Fund mechanisms.

PPSE acted early on and conducted a rapid study of the potential impact of the crisis on the tourism sector. Its findings were compiled into a paper that was shared with the Ministry of Finance and Transfers in Kosovo and included in their planning on economic mitigation measures for this sector. The contracted farming activity was steady throughout, and in combination with the validating findings of the impact assessment, confirmed that the benefit and success of contracted production is sustainable.

A positive highlight in this semester was the full DCED audit of PPSE, representing the first project in the region to have undertaken such an audit. Most importantly, the results were remarkable: PPSE scored 97% in the 'Must' control points and 94% in the 'Recommended' control points. The audit result was a confirmation for the PPSE monitoring system, for managing interventions, measuring, and reporting attributable impact as well as for managing the information and feeding into steering.

Last but not least, given the unusual context of project operation, the progress and results achieved in the first semester reflect the importance of adaptive management and flexibility as well that PPSE embraced during its implementation in this semester period.

33. Results Reporting per Outcome

3.1. 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 ³ 2017	2020 ⁴ (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
	Impact: Net additional employment FTEs	850 FTEs	T= 550 FTEs A= 73 FTEs	13%	T= 2,000 FTEs A= 967 FTEs	48%
	Net additional employment (women) FTEs	270 FTEs	T= 130 FTEs A=34 FTEs	26%	T = 600 FTEs A = 377 FTEs	63%
	Net additional employment (minority) FTEs	75 FTEs	T= 30 FTEs A=7 FTEs	23%	T = 150 FTEs A: 100 FTEs	67%

The FNI sector has recorded a steady semester. Through regular contact with beneficiary SMEs and farms, the PPSE team learned that sector SMEs and farms were not affected greatly by COVID-19. However, most of these actors did not manage to grow either. Due to uncertainties, their plans for expansion, be it in contracted production, product development, or accessing new export sales channels were put to halt. To analyse sector trends and developments, the FNI team analysed the customs data for exports of fresh and processed fruits and vegetables. For this purpose, export data for the period Jan – Jun 2019 were compared with the same period of 2020. The results show that the amount of exports in terms of net-weight has remained almost the same, i.e. 8,894 tons in 2019 and 8,840 tons in 2020. Whereas the value of exported goods noted a slight increase from EUR 5.3 million in 2019 to over EUR 6 million in 2020. For both years, May is the month with lower exports compared to the other months of the period. The top three countries where Kosovo companies exported the most in 2019 and 2020 are Albania, Germany, and Serbia. In terms of the domestic market, lockdown measures have directly affected the HoReCa sector, with all the hotels and restaurants having to close during the active lockdown measures. In addition, quarantine measures and closure of borders resulted in a very small number of Diaspora visitors during this period that in addition affected domestic demand. Therefore, observations received from the market actors indicate an overall decrease in sales in the local market, but with a significantly smaller impact in the FNI sector compared to the other sectors.

The impact data presented in this report include findings from interviews with benefiting SMEs and farmers specifically for this semester as well as findings from a thorough Impact Assessment related to the **Certification Programs** intervention. Regarding the latter, PPSE used the distance working time and method, to conduct online direct interviews with benefiting SMEs and farms that were not assessed previously. The details of this assessment are presented under Output 2.1. Altogether, PPSE FNI interventions have generated 73 FTEs, out of which 47% are women and 11% minorities. It must be noted that the team expects more results in the second part of the year, where a number of new partner SMEs (seven) will finalize their investments and the existing SMEs plan to grow their activity.

³ Based on the achievements of Phase I.

⁴ The column represents the results measured within the reporting report.

Most of the PPSE interventions continued this semester. The team continued to explore and partner with new SMEs within the **Product Development** and **Contract Farming** interventions. Activities within business support services intensified. These activities also fall under the priority of PPSE during this semester to design and implement activities in mitigating the impact of COVID-19. As a result, PPSE adopted interventions and activities, specifically facilitating new sales channels and services for enabling online retail and **online matchmaking for marketing, and re-designing trainings and advisory services** from in-class to online. Furthermore, the team dedicated additional support to enable **access of quality seedlings for vegetable farmers to ensure production continuity**. On the other hand, due to initial uncertainties related to cross-border movements of people and goods, activities related to **Export Promotion**, aiming to facilitate access to new foreign buyers, were put on hold.

The global tourism and travel industry has been one of the most severely affected by the COVID-19 pandemic. This impact was also observed in Kosovo, where travel has been suspended totally during the early months of the year, resulting in a complete halt of all international travel. Moreover, the national total lockdown for over two months has greatly impacted domestic tourism and affected largely the hospitality sector. According to UNWTO, the global industry has lost USD 80 billion only in the first quarter of the year, while it is estimated that by the end of 2020 losses could reach up to USD 1.2 trillion⁵. To understand the impact of COVID-19 on Kosovo's HoReCa sector, PPSE team conducted a rapid study during the lockdown period of March and April. Our findings show that **more than 12,000 formal jobs were at risk** and left without income; employees in this sector lost a **total amount of over 6 million EUR in salaries**; whereas **3,683 SMEs were directly affected with over EUR 13 million turnover losses** (based on formal reporting), and due to the passivity of the hospitality and accommodation sector, the further impact on the **interconnected sector could have been more than EUR 10 million**. Therefore, in a scenario of a two-month lockdown, **HoReCa sector losses have been estimated at around EUR 30 million** – based on formal SMEs reporting and official statistics. Furthermore, the total impact is thought to be much higher, due to high level of sector informality, the length of lockdown measures and changes in consumer/tourism demands.

Due to the high impact of the pandemic crisis on the sector during this semester, the team will not report any attributable impact throughout the report for the tourism sector, but will rather focus on the impact of this crisis on SMEs, on PPSE tourism interventions, and the changes and adaptations of interventions for improving businesses resilience and similar.

In response to the situation, PPSE has quickly adopted its interventions. Specifically, planned interventions related to international promotion (**International Promotion and Turkish market promotion**) were suspended, while the intervention related to **development of tourism products** continued – with the aim of rationally utilizing the off/low business season, and to improve the offer for domestic tourism (especially as response of changing behaviours due to COVID-19). The activities related to **sector coordination** continued and were adapted towards issues related to **advocacy for sector support and measures for re-opening**. Additional activities were implemented for **improving the accommodations of guest-houses in the 'Peaks of the Balkans' route** and for **promoting and selling Kosovo tourism products online**.

3.2 Outcome 1: Competitiveness of Selected Sectors

Outcome Indicator	Baseline 2017	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
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⁵ <https://www.unwto.org/impact-assessment-of-the-COVID-19-outbreak-on-international-tourism>

	OC 1.1 Number of women and men gainfully employed	0	T= 860 A= 148	17%	T = 5,000 A = 3,435	69%
	Number of women and men gainfully employed (women)	0	T= 160 A=81	51%	T = 1,500 A = 1,261	84%
	Number of women and men gainfully employed (minority)	0	T= 140 A=15	11%	T = 500 A = 243	49%
	OC 1.2 Income increase of 5,000 benefitting men and women through salary/wage	0	T= CHF 2,800,000 A= CHF 230,137	8%	T = CHF 9,600,000 A = CHF 3,042,442	32%

Regardless of all uncertainties, **contracted production among beneficiary farmers remains steady**. PPSE continued exploring opportunities for partnerships with new SMEs that have potential and willingness to **improve and diversify their final products** as well as increase contracted production and farmers. The support of PPSE continues to be in facilitating exposure of SMEs to knowledge and upgrade in the processing lines as well as increasing collection and processing capacities. Many of these SMEs have introduced new products in the market, because of acquiring knowledge in food technology services, exposure, and investments in the upgrade of processing line. As for new partnerships, impact will be measured at the end of the year through impact assessments since investments are expected to be finalized during the second part of the year. The two supported nurseries for specialized seedling production have become fully operational as per this semester. The demand for seedlings produced by the nurseries was very high this semester, and the support provided by PPSE as a COVID-19 response measure contributed to this as well.

Altogether **148 additional people benefited** from employment as a result of PPSE FNI interventions, generating over **EUR 213,000 in income**. This number includes also the results from the Facilitation of Certification Programs intervention, which was not previously reported and only assessed during this semester.

At the beginning of the year, PPSE observed a high interest from SMEs to invest in new products and growth. However, this interest was greatly hit by the COVID-19 consequences. The current situation of the pandemic crisis continues to take a heavy toll on tour operators. Based on information collected from partner, employees were mostly not laid off since they have a commission-based salary, which means that these employees did not receive any salary from the time all operations were shut off. However, some SMEs are uncertain if they can keep the staff if this crisis continues. Investing in new tourism products was challenging for businesses. Some tourism SMEs faced lack of liquidity and had to pause their investment plans. This **has delayed some new partnerships** as well as the implementation of ongoing ones. On the other hand, the team observed interest from municipalities (Gjakovë/Djakovica and Deçan/Dečan) and businesses from other sectors to invest in product development.

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	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
	OP 1.1.1. Number of new and improved products and services promoted through the SMEs	0	T= 25 A= 19	76%	T = 150 A = 184	123%
	OP 1.1.2 Additional investment value for new products and services	0	T= CHF 600,00 A=CHF 1,019,061	170%	T = CHF 5,000,000 A = CHF 5,322,578	106%
	OP 1.1.3 Number of SMEs offering new and improved products and services	0	T= 35 A= 7	20%	T = 100 A = 42	42%

PPSE continued to support SMEs to introduce new and improve existing processed products and diversify final processed products through its intervention and the OF. FNI SMEs continued their efforts in developing and introducing new products, particularly with the aim of taking advantage from reduced trade for penetrating in new retailers and capturing more market share. Through the ‘**Product Development**’ intervention, PPSE continued to support SMEs with activities and services such as co-financing machinery and marketing services. As a response to the pandemic impact, the team designed and negotiated activities to adapt to the new circumstances such as **online provision of services and trainings** (food technology). This is reflected under Output 2.1 in this document. PPSE is committed to continue its support for the SMEs of the sector that are willing to introduce new products with upgraded processing equipment, tailored marketing services, to be competitive with professional branding and package design for new processed products.

In this semester, **Seven SMEs**, supported by PPSE activities, launched around **19 new processed products**, enabled through various support activities within this intervention as well as own **investment** by SMEs in the amount of **EUR 756,600**.

- Through the intervention “**Product Development**”, in 2020 PPSE signed **3 new partnerships, with small scale SMEs** (Bliff – women owned, Azemine Domuzeti – woman owned, Sharry Berry – Serb owned) to advance their processing and/or packaging machinery, with a final purpose of improving current products and introducing new ones (juices, jams, tea flavors). One of these companies (Bliff Organik) was also **supported with business support services** (web design) so the process of product development is more visible, and products are well promoted. The team continued to interview benefiting SME (including participants of the Coaching for Growth, Food Technology Expertise Plovdiv), where these SMEs continue to invest and launch new products in the market as well as benefiting additional income from these products. In this semester alone **7 SMEs introduced 19 new products**, earning around **EUR 45,000 additional sales** from these products. This indicates that support towards quality, diversification and innovation improves the performance of SMEs. It is important to mention that most of the results are expected in the second part of the year as some interviewed SMEs are in the preparation phase for developing and introducing new products. Product transportation has been a major issue during lockdown, where companies importing primary supply have faced difficulties.

The **'Development of Tourism Products'** intervention was one of the few planned activities that the team continued to implement in 2020. The team has partnered with **three new tour operators: E-19, Balkan Destination, and Dinarica Journey**. The team is continuing negotiations for five new partnerships: 1) In-Nature Adventure Park in Gërmi, Prishtinë/Priština; 2) Escape Room 2 in Prishtinë/Priština by RAZ; 3) Sharri Eco-tour to develop horse-back riding in Shtruze, Prizren; 4) Kosovo Mountain Club and Municipality of Deçan/Dečan to develop the Via Ferrata there, and 5) Butterfly Outdoor Adventure to develop camping and hiking activities with parents and kids.

Most of the partnerships, new and ongoing from 2019, have faced delays in finalizing and launching their final products/attractions due to COVID-19 lockdown and lack of liquidity. Partnering SMEs have reported over EUR 160,000 own investment in this period for developing new tourism products. It is expected that around **25 new products** will be launched within 2020. These include: biking and horse-back riding; nature trail and educational/recreational attractions; ski touring, Medieval Park, camping site and recreational activities, etc. PPSE partners reported that they expected an increase in sales during the summer months from local and Diaspora tourists. In the first quarter of 2020, the PPSE team engaged with the private sector in developing new products and refurbishing guesthouses in the Rugova valley, as a response to the pandemic and reorientation of the private sector to target local tourists.

To further support tourism product development, PPSE continued to support the Municipalities of Prishtinë/Priština and Gjiilan/Gnjilane with international and local expertise (e.g. feasibility studies, land surveys) for the development of tourism products.

- Out of already developed products that PPSE has supported in the previous years, Via-Ferrata, Paragliding, Escape Room, Kayaking, and Camping (by Wander) have reported some business activity this semester with local and Diaspora tourists. During the lockdown, owners of these products **focused on activities such as infrastructure, business analysis, marketing (particularly domestic promotion)**, website and administrative tasks such as cancellations of planned sales and similar. Moreover, the team observed trends of cooperation by tour operators in designing joint packages for promoting products and tours for local tourists. Such is the example of Supercampers and Sh.B. Sharri that will introduce joint package/tours for local tourists and promote in coordination with Office of Tourism of the Municipality of Prizren. Some tour operators will focus on creating and offering new winter packages for 2020 and 2021. All partners plan to continue operating their products, having high hopes that July and August 2020 will be more productive. Nevertheless, the ongoing crisis has hit these SMEs severely. For example, Shkaba had 100 cancelled flights or EUR 7,000 loss on revenues. Similarly, Marimangat endured 120 cancelled groups with 4 tourists on average per group or translated in revenue a loss of EUR 7,000. Supercampers had over 10 kayaking groups consisting of around 30 people cancelled.
- In 2020, PPSE engaged with **four new partnerships**. This was done in cooperation with the private sector, leading to four planned tourism products, namely: bungee jumping in Gjakovë/Djakovica with Dinarica Journey TO; ski touring in Prizren region with E-19 TO; horse-back riding and biking in the municipality of Prishtinë/Priština with Balkan Destination TO, and hiking with kids and family in Sharr Mountains. The development of the above-mentioned products is going slower than usual due to COVID-19.
- Related to products under development, there have mainly been delays on either launching products or finalizing their development. Specifically, Bear Sanctuary had to postpone the launch of the Nature Trail and six recreational from April to July. The company had to close its business activity from March to June, yet it managed to keep its employees by decreasing certain expenses and planned investments, receiving additional funds from the Four Paws In-

ternational Organization, as well as benefiting from the government COVID-19 package. However, the company stated that they **will not be able to realize more than 60% of its planned revenues this year**. Camping LLC, which is being supported through the OF mechanism to establish a camping area, a bar and six recreational products/activities in Rugova, had to interrupt the construction process due to the COVID-19 lockdown. The company resumed the construction by the end of May. As of the reporting period, the company has finalized the infrastructure works and some of the products. The project is expected to be finalized in August/September 2020. Ordo Draconis in Gračanica/Gračanice is being supported through the SIF mechanism to build a Medieval Park, targeting local and international tourists. Due to the pandemic, the business had to stop construction works, thus postponing its launching, initially planned for June, to late October.

- With regards to collaboration with Municipalities, the cooperation has continued with Prishtinë/Priština and Gjilan/Gnjilane **related to In-Nature Adventure Park in Gërmia and Livoq lake park**. The In-Nature Adventure Park is being negotiated through the OF mechanism, while the Municipality is in the process of acquiring the consent. The feasibility study for the recreational park around Livoq Lake park area is expected to be finalized by September 2020. Furthermore, the support to the Municipality of Prizren by engaging local technical expertise in establishing the Filigree Museum and the Mother Theresa museum had to be postponed, due to the pandemic.
- In light of preparations for opening the season to the tourists after COVID-19 lockdown, the rural accommodation units and guesthouses that have traditionally catered to international tourists are planning to invest in adopting their operations to the local and Diaspora tourists, expected to be the first travellers to Kosovo. The adaptations include refurbishments that will make these accommodation units attractive to this tourist segment. **PPSE intends to co-share the costs of the refurbishment for up to 10 guesthouses with the total contribution of EUR 40,000.**

Output 1.2 SMEs have increased production

Output Indicator	Baseline 2017	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
OP 1.2.1 Number of farms and SMEs involved in contract farming	350 SME	T= 210 A= 17	8%	T = 1,000 A = 604	60%
OP 1.2.2 Increase of contracted production	200 ha	T= 100 ha A= 100 ha	100%	T = 500 ha A = 1,102	220%

PPSE support to SMEs for increasing primary production continues to be in the focus through two main interventions: **‘Strengthening Contract Farming System’** and **‘Introduction of Specialized Seedling Producers’**. Both interventions are closely linked with and contribute to the increased cultivated area with profitable crops and ensure qualitative production. Within the Contract Farming intervention, the team prioritized support at the aggregation and/or processing level, with the aim of increasing their capacities to cater more contracted and wild collected production. This year, the team conducted a specific assessment to identify new partners in more remote areas: regions around Prizren, Dragash/š, and Shtërpce/Štrpce with high growth potential. Based on their growth and investment potential, in June, the team managed to partner with four new SMEs (out of 9 shortlisted), which are mainly from the MAPs sector. As it was already mentioned, the business activity of existing partners

from the Contract Farming intervention **is steady compared to last year, with growth of contracted production only in few cases.**

With regards to the **Specialized Seedling** intervention, the two supported nurseries started operating fully under new/modern facilities. PPSE continues to support these two nurseries with technical expertise related to seedling production and nursery management. Furthermore, PPSE supported access to quality seedlings for a number of farmers. Initially the team planned to support promotion of usage of improved seedlings of the newly developed nurseries within contract farming system. However, to ease the pandemic crisis impact, PPSE has adapted this intervention to support access of small and medium farmers to quality vegetable seedlings with the final aim of ensuring production continuity and consistent supply of fresh vegetables in the market. The support of PPSE for around 40 farmers and 1 million seedlings, while both nurseries have produced up to date a total of more than **2.6 million** seedlings for more than **3,000 farmers.**

Under '**Strengthening Contract Farming System**' intervention in the first semester of 2020, PPSE collaborated with **2 new partners (Agro 2000 and Bio Farm Lorena)** with support consisting of co-investment in machinery (dryer and cooling chamber) aiming to increase their capacities for collection and processing as well as ensure the quality of the products. Preliminary findings from interviews with existing PPSE partners show that they have increased their contracted production are by **100 ha** involving around **17 new contracted farmers.** These interviews confirmed once again the benefit, success and sustainability of contracted production, validated from the last impact assessment. Given the restriction on movement as a result of the pandemic and its consequences, contract farming and other benefits of contracted production have become even more important than before. This is due to the secure market for farmers' products, advisory services, and access to inputs and technology that are key elements to success and continuation of normal business. New partners (Agro 2000 and Bio Farm Lorena) are expected to increase the amount of collected wild production in the coming season after the investments are completed.

- The '**Introduction of Specialized Seedling Producers**' intervention goes hand in hand with contract farming intervention as it complements the aim for expanding contracted production with quality production and higher yield. In this semester, the nursery Agrobora (supported through OF) has started the year with full operations at full capacity of the new nursery. As for the second nursery (Fidanishtja e Godancit) PPSE continued to support (for the second year) the improvement of the existing nursery into a modern one. Investment was finalized by early June. Fidanishtja e Godancit nursery continued to produce seedlings while improving its technology. The team continued to support both nurseries with technical expertise delivered by an expert from Albania (Prof. Astrit Balliu). As already stated, in this semester the PPSE team allocated an additional EUR 39,000 for this intervention, to support seedling production for contracted and non-contracted farmers related to essential production – as an emergency COVID-19 activity. In total, both nurseries have produced more than **2.6 million** seedlings for more than **3,000 farmers.** They have declared that the demand for professional seedlings is increasing and there will be a need to expand their capacities to be able to fulfil this growing demand in the coming years. Regarding the effect of the pandemic on their business, both nurseries stated that the problem was only the sale of final fresh products given the limited movement of people in open markets. Such a statement proves once more the importance of contracted production and other benefits associated with it.

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	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
	OC 2.1 Number of SMEs benefit from using new or improved support services	0	T= 35 SMEs A= 18 SMEs	51%	T = 150 SMEs A = 50 SMEs	33%
	OC 2.2 Net additional income increase of 150 SMEs	0	T= CHF 1,100,000 A=CHF 319,477	29%	T = CHF 3,800,000 A = CHF 2,049,811	54%
	OC 2.3 Institutions are more responsive to private sector growth	0	<i>Qualitative assessment based on FGD of key institution personnel</i>			

The PPSE observed that export growth plans of SMEs were put on hold while business collaboration with the HoReCa sector declined during this semester. Nevertheless, PPSE team intensified and designed specific COVID-19 related activities to facilitate support services for sector SMEs. SMEs and farms continued to use organic certification services through ORGANIKA BMO. The results from the impact assessment related to Facilitation of Certification Programs show that the intervention for facilitation of organic certification has proven very successful, because farms and SMEs could access new business market and opportunities only as a result of organic certification. Furthermore, ORGANIKA BMO has continued to play an important role, facilitating organic certification, advisory services, and sales channels, where a member certified SME can exploit the benefit fast.

PPSE continued to support, scale, and adapt services related to development of new products. Specifically, through **the partnership with United Pixcels**, training courses for young designers were conducted online while a new digital platform is being established to enable matchmaking between small SMEs and young designers. Facilitation of new services and sales channels, targeting domestic market as a response of COVID-19, is being implemented through two partnerships: the first offering a tailored online platform for local producers, and the second an online retailer expanding to offer local products, fruits and vegetables.

PPSE **has reached over 8 new FNI sector SMEs throughout all interventions in 2020**, whereas the number of new benefiting SMEs (including existing partners) during this semester has been 18. PPSE has supported these SMEs with services such as organic certification, matchmaking for export promotion, marketing, and business development services. Benefiting SMEs have reported around EUR 320,000 attributable net additional income.

Most of the tourism SMEs have reported that their arrangements with international agencies related to tours were postponed and not cancelled altogether. These SMEs report that they are optimistic of a turnaround recovery in a post-pandemic time. Some SMEs have even used this time to invest in promotion, specifically on websites and social media, to explore new offers, products, and target markets. A higher focus in shaping their offer to local tourists was observed, although this is expected to be temporary as the profit margins are much lower compared to serving international tourists.

Specifically related to PPSE interventions, the private sector reported to have cancelled the participation in international fairs (Tirana International Tourism Fair, WTTC Berlin Fair etc.). The planned training for German speaking guides was postponed for late August. At the beginning of this year, PPSE

supported tour operators to participate in two international fairs held in January, namely EMITT Istanbul Fair and Adventure Travel Show in London. These activities were initially regarded as highly successful by participants, with successful business partnerships and a high number of tours expected by Kosovo tour operators. However, the breakout of COVID-19 put a halt to these activities. An interesting observation during this period was to see the private sector organize and work together towards their needs and requirements towards the public sector.

The team put efforts into adapting activities related to sector organization, as well as introducing new activities for supporting SMEs amid pandemic crises. In June, **PPSE partnered with the Kosovo Chamber of Commerce** to organize three discussion fora on the future of tourism and the impact of COVID-19 in the HoReCa sector in Kosovo. The outcomes of the discussion fora were then published and utilized for advocacy initiative, particularly related to government recovery packages for the sector. In addition, PPSE supported two new services in the market. These two initiatives were undertaken as a response to the new situation. Specifically, PPSE is in the process of facilitating a **training for hotels in Prizren region regarding WTTC protocols on “Safe Travel”**, focusing on hygienic and safety measures. Finally, the other service **established is the digital platform KosovoPass**, which aims to improve the market of tourism products in Kosovo by offering tour operators means for online promotion, additional sales channels, and efficient management of their operations. This service is considered as a necessity during these times, where promotion of products is targeted for the local tourists predominantly and reduces the need for physical contact for purchases.

Output 2.1: Service Providers offer improved business support services.

Output 2.1: SPs offer improved business support services	Output Indicator	Baseline 2017	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
	OP 2.1.1 Number of SMEs using new and improved services offered by service providers	0	T= 100 SMEs A= 17SMEs	17%	T = 300 SMEs A = 119 SMEs	40%

The PPSE support to SMEs within the FNI sector, continued to support SMEs and farms of the sector with facilitation of organic certification and provision of affordable marketing services to smaller SMEs. The team put great efforts into adapting existing activities and interventions towards COVID-19 new circumstances. The association **ORGANIKA introduced a new online training and advisory services** program for women farmers on organic cultivation and certification of MAPs. In partnership with **United Pixcels, a new platform for online matchmaking** between young designers and smaller SMEs was supported, along with an online training by **United Pixcels for new designers**. Considering the difficulties that HoReCa sector SMEs and groceries faced due to lockdown measures, PPSE partnered with an **online IT solutions company – Appdec**, to create new sales channels for interested SMEs, coming from HoReCa sector, grocery shops, by providing a tailored platform for online shopping at an affordable price. Based on the success of previous years, the team planned to continue supporting activities on **food technology (from Plovdiv University) and SEC missions** for sector SMEs. However, related to the food technology, PPSE is negotiating with BCC (Business Consultant Council) to facilitate online one-to-one service provision between SMEs and University of Plovdiv. Four planned SEC missions are postponed toward the end of 2020 due to inability of travel and lack of demand for online delivery of this service.

Of all support services facilitated by PPSE, 17 new SMEs have used services for organic certification, while only the training on women farmers was delivered to 5 women owned SMEs, reaching over 27 women individuals. In addition, 2 SMEs, both women owned, benefited from affordable marketing

services. However, most of the above-mentioned services are expected to start provision in the second part of the year, therefore a higher number of SMEs using and benefiting from new support services is expected by the end of the year.

In 2020, PPSE continued to support Organic Certification through the intervention '**Facilitation of Certification Programs**'. The certification service is being provided to a total of 43 (four women-owned) SMEs, out of which 17 are first timers. In this year, 14 out of 43 SMEs are in the fourth year of certification, and thus continuing organic certification on their own, without PPSE support, which shows a good sign of sustainability of the intervention and the sector too. PPSE also is cost-subsidizing services within association to advise and prepare applicant SMEs for certification according to the requirements of Organic Standard 834/2007, where 12 SMEs have requested and are receiving these services. In the reporting period, with PPSE support, ORGANIKA conducted a four-week **training and advisory services program for women** on organic cultivation and certification of MAPs. Due to COVID-19 related measures the program was conducted entirely via Viber to 27 women farmers from the network of 5 women-owned companies. Viber was chosen due to its ease of use by women farmers requiring no specific digital skills. The training was provided separately to companies through short videos (20 videos total), text and posters. The content included: standards of organic farming, various notetaking aspects, and advice on cultivation of specific plants. This was a relatively low-cost training, such format is easy to use and enables dissemination of timely information and interactive discussions. One participant said: "I have the training and the trainer on my mobile, and I can consult them when needed."

In May, PPSE conducted an **impact assessment** for organic certification implemented throughout 2019, to measure the impact and benefits. Thus, 22 benefiting SMEs were interviewed to validate if they have benefitted from organic certification and attribute the increase in product value that has been achieved because of certification. Almost all SMEs pointed out that market demand, higher profit and secured market are main reasons and benefits for getting into organic production. Around 37% of SMEs are new and have not been engaged in the same activity (cultivation/wild collection /processing) before certification. This implies that organic certification has been the sole factor that enabled the business activity of these SMEs. Findings showed that a dominant majority of SMEs that were involved in similar activities even before certification, declared that due to certification they have accessed new markets, increased their product value as well as the production volume. The team has calculated that because of this intervention, SMEs in the sector has benefitted additional turnover value, which is EUR 256,185 for 2019. Other attributable results from the impact assessment shows EUR 153,713 additional net income increase (additional profit) in 2019, additional 64 FTEs (women 30, man 34), 139 additional people involved and €196,890 benefit of employees.

- Through '**Facilitation of Affordable Marketing Services**' intervention, PPSE co-finances marketing services for selected SME (small scale) that introduce new/improved processed products. PPSE continued to work with a service provider- United Pixcels on four services: branding, package design, web design, and social media design to smaller SMEs. Until now, 2 SMEs (Biofruti-women owned, and Bliff- women owned) benefited from 3 affordable marketing services. In addition, due to pandemic circumstances, PPSE initiated an online platform for marketing services for SMEs (through a platform to match young designers with SME) as well as for introducing new online training for designers. The matchmaking platform is foreseen to be implemented by September 2020.
- The team redesigned the support activities related to **Food Technology** training for sector SMEs. Following the highly regarded supported training courses at the University of Plovid last year, SMEs declared their demand and need for a follow-up tailored one-to-one food technology services from the University of Plovid experts. As physical visits were not possible due to travel restrictions, PPSE is negotiating to partner with BCC and will continue to work towards increasing food technologists' capacities by facilitating one-to-one online coaching sessions in specific food

technology field (food preservations, drying methods, fruit juice and nectar manufacturing, jams and jelly manufacturing, food safety and quality standards, food refrigeration technology) for the fruit and vegetable sector. BCC plans to assess the SME demand and follow the process of each successful matchmaking between the SME and The University of Plovdiv Food Technology. This activity is planned to start in the second part of 2020, to continue until the end of project Phase. PPSE foresees that one-to-one services should begin to be provided already this year.

- Furthermore, short term specialized in-company coaching by **SEC consultants** will lead to the increase of variety of products and recipes and new product marketing. Due to the pandemic, all missions are postponed toward the end of 2020. In the pipeline there are 4 SME to be supported with SEC missions in the last quarter of 2020.

In the tourism sector, PPSE is facilitating four support services for tourism SMEs. Two out of four were planned as activities: (1) Sustainability Certification Program, and (2) Training Tourism Guides; while the other two were supported as a response of COVID-19. The latter are related to the hospitality sector hygiene and safety measures; and digital promotion and sales of Kosovo tourism products. All these services are expected to be available and utilized by SMEs in the second semester of the year.

- Considering the importance of providing a safe space for workforce and tourists, and to improve standards for hygiene and safety, PPSE is facilitating a workshop for the hospitality sector in Prizren. The aim of this workshop is to inform participants with the global trends of the sector amid COVID-19, the protocols of WTTC for the hospitality sector and measures to be taken in order to be certified with **“Safe Travels” from WTTC**. The workshop will take place in the beginning of July 2020, where about 10 hotels expressed their interest to participate.
- Following a workshop on sustainable tourism with Kosovo hotels in 2019, PPSE is in the process of facilitating **sustainability certification programs** for Kosovo hotels, in response to hotels’ interest for certification. The team has engaged experts from the head office to identify international service providers and develop a business model for service delivery. The sustainability certification program is expected to improve hotels’ operations, income and attract more tourists to their facilities. This activity is anticipated to be finalised by the end of 2020.
- To address the growing demand of private sector for specialized professions to serve the coming tourists, the team has partnered with Balkan Destination tour operator for organizing **one non-formal training program for German-speaking guides**. This activity has been designed to meet growing demand for German-speaking guides. The training was planned to happen in March, but due to the COVID-19 situation, it was postponed for late August 2020. It is expected that about 10 people will be trained to become German-speaking guides.

Output 2.2: SMEs have improved access to sales channels

Output 2.2: SMEs have improved access to sales channels	Output Indicator	Baseline 2017	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	Cumulative % Reached in Phase
	OP 2.2.1 Number of SMEs using new and improved sales channel	0	T=120 SMEs A= 15 SMEs	13%	T = 300 SMEs A = 76 SMEs	25%

OP 2.1.2 Number of joint promotional activities for market segments	0	T= 16 A= 4	25%	T= 50 A= 22	44%
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Under Output 2.2., the activities related to access in international markets were put on-hold due to the COVID-19 pandemic. Nevertheless, once the circumstances allow, the project will continue to see opportunities in re-activating efforts to facilitate access to new sales channels for SMEs in international markets. This will be done through the intervention ‘**Facilitation of Trade Linkages**’, with the objective of export promotion through specialized matchmaking services and participation in trade fairs. PPSE has monitored existing partners of this intervention, and according to them, contracts agreed before continued with no changes in either volume or value. However, new contacts and shipments for 2020 with new foreign buyers were not possible due to pandemic as this requires B2B meetings and site visits from these buyers. PPSE supported activities related to promotion in the media have continued during this semester. These included promotion in local TV channels (Toka Jonë in Klan Kosova and Bujku in RTK).

As a response of the lockdown and movement restriction measures created by the pandemic, PPSE quickly designed interventions for improving the resilience of local producers and enabling additional sales channels in domestic market for them. For this purpose, **PPSE partnered with two companies, an IT solution company – Appdec, and an online retailer Flizza**. The partnership with Appdec, involves establishing tailored online shopping platform for local producers, while PPSE aims to support Flizza in expanding its market, network and capacities which will consequently increase the demand and availability of online shopping for locally produced fruits and vegetables. The details of these partnerships are presented below:

- PPSE has partnered with Flizza Online Shop with the purpose of mitigating the losses incurred by producers of fresh fruits and vegetables within the HoReCa supply. The purpose of this partnership is to create new sales channels for Flizza, local producers and farmers. Customers will have a new platform for online buying and shipment of goods provided by Flizza, including locally produced fruits and vegetables with online retailers for promoting online shopping of fruits and vegetables. Flizza will undertake necessary investments to expand their market, network, and capacities. PPSE has committed EUR 30,000 to support Flizza for this activity.

Furthermore, the partnership with Appdec aims to create new sales channels for interested SMEs, coming from HoReCa sector, grocery shops, by providing a tailored platform for online shopping at an affordable price. The platform can be utilized and tailored per SME. Appdec will offer a new platform “shitjaonline” for online shopping to Kosovo SMEs, while PPSE will support part of setup and membership (for the first year) costs for SMEs coming from the HoReCa and food sectors. This partnerships has been designed in a performance based reward system, where the maximum amount supported for one SME will be EUR 400, up to the amount of EUR 30,000 based on the number of SMEs subscribing for the e-shop platform.

According to UNTWO, all worldwide destinations introduced travel restrictions by April⁶. In Kosovo, this was even earlier, as by March Kosovo locked all borders. This led to a worldwide crisis for the tourism sector, one of the most labour-intensive industries. Latest data that the team has informally collected from the Ministry of Internal Affairs, show that the arrivals at land borders have dropped by 56% for June compared to a year before, and for over 80% for the April-June period compared to a year before. Informal observations from sector actors are that the decline in tourism will be up to 60%. The drop in sales and cancelled bookings in the tourism sector led to a drop in investment, as well. Some TOs expect severe losses, and other might risk bankruptcy as well. Such is the case for

⁶ <https://www.unwto.org/news/covid-19-travel-restrictions>

Kosovo tour operators, who claimed that they have also stopped promoting their offers online or through fair participation, which is crucial for TOs who target international tourists. This output is mostly affected by the ongoing crisis. The business partners of PPSE had to suspend all their business activity related to international tourists due to pandemic impact on international travel and tourism. PPSE partner TOs still hope that by fall, the borders will be fully open, and the country will be able to receive international tourists.

PPSE has nonetheless implemented few planned activities early in the year. Specifically, PPSE has supported 15 local businesses, mainly tour operators to participate in two international fairs during January, namely in EMITT Istanbul Fair and Adventure Travel Show in London. Further, to adapt towards domestic and Diaspora tourists, PPSE supported an initiative for digital promotion and sales of Kosovo tourism products - KosovoPass.

- Under the **Turkish Market Promotion** intervention, PPSE has supported 11 Kosovo TOs to participate in the EMITT Istanbul Tourism Fair 2020, which was regarded as highly successful by participating actors. Tour operators that participated in this fair managed to reach important partnerships during the fair and were expecting a high turnover of tourists and income. Outdoor Kosovo in partnership with Kamp Karagaq (accommodation in Pejë/Peć) had a partnership with two Jordan travel agencies to bring over 15 groups with over 60 tourists during this year in Pejë/Peć region. Part of this agreement was also the launching of a new charter flight between Aman and Prishtinë/Priština. Unfortunately, these were postponed. PPSE team has closely monitored the COVID-19 effects in the tourism sector with regards to its partners in Turkey. Partners have stated that all the tours for Kosovo or including Kosovo have been cancelled due to the crisis, while travel agencies in Turkey have shifted towards promoting domestic routes and tours until tourists start to feel safe to travel abroad. Baska Rota and Tatilbudur, are planning to continue selling tours in Kosovo (or Balkan tours including Kosovo) in fall, if the pandemic situation gets under control. Baska Rota has used this time to make virtual tours for its customers, as a means of promotion, including the Peaks of the Balkans route, which was promoted in YouTube⁷ with translation in English and Turkish.
- Within the **International Promotion Intervention**, four Kosovo tour operators participated for the first time in the Adventure Travel Show in London in January 2020, facilitated by PPSE. The participating businesses reported that the fair was very successful in terms of establishing new contracts and sales' channels for the Kosovo outdoor tourism. Though, due to the pandemic outcomes of complete lockdown of international travel, no tourist was able to come to Kosovo. The Kosovo tour operators are optimistic that once the pandemic is over, the contacts with international tour operators will resume and so will the outdoor tourists. Balkan Natural Adventure plans to still focus on international tourists and intends to take part in international fairs in 2021, including in London, Israel, and Ireland.
- With regards to improving sales channels, PPSE has supported the local company Ventiox in developing an online platform KosovoPass, where outdoor tourism businesses (tour operators and product owners) will promote and sell their products online. This engine will improve the sales of local outdoor services and access to local and international tourists, by digitalising the sales service. The tickets will be sold online and the clients will receive a QR code which will be scanned when doing the activity on spot. Ventiox will receive a percentage fee on each sale, which will be used to maintain the site and its four employees. The site is expected to be launched by the end of July.

⁷ <https://www.youtube.com/watch?v=jkzdd3DoTNU&t=1282s>

Output 2.3: Stakeholders have improved sector organization and networking

Output 2.3: Stakeholders have improved sector organization and networking	Outcome Indicator	Baseline 2017	2020 (T=Target, A=Achieved)	Incremental % reached in 2020	End of Phase 2021 (T=Target, A=Achieved)	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=4 A= 2	50%	T = 10 A = 7	70%

During this semester the team implemented several activities related to the improvement of sector organization and coordination. Initially, PPSE supported **the Manufacturing Convention** in February, which was organized by Kosovo Manufacturers Club (KMC). The focus for this year's edition was on SME digitalization, design, branding, packaging, and promotion. Furthermore, PPSE supported the association **ORGANIKA** to develop a **database** for sector SMEs and to conduct a **sector study**. Details of these activities are presented in the following section. Finally, planned activities related to **agriculture subsidy schemes** had to be postponed due to COVID-19. The team had planned to organize follow-up activities in coordination with Riinvest Institute to advocate for improvements in policies as per the findings of the study conducted in the last year. Nevertheless, they contributed to this topic by sharing the findings and recommendations of the study through a working group – in which one of PPSE has participated.

- In the reporting period, through PPSE support, ORGANIKA began the development of a **database** that will grant direct access to information on the subsector for interested foreign and domestic business representatives in a single online landing page. The information will be used to promote this sector especially to foreign markets and increase networking and export opportunities. The database link will be prominently displayed on the existing webpage of ORGANIKA. ORGANIKA is also conducting a **sector study** on NWFP and MAPs, by interviewing and collecting data from around 40 sector companies. The main purpose of the study is to present to all actors in the agricultural sector (Ministry, donors, and other relevant institutions) yearly data for the NWFP and MAPs sector. The role of ORGANIKA has been increasing in the sector, through facilitating certification programs, the number of ORGANIKA's member SMEs has increased to over 40. The satisfaction and appreciation of members has also been confirmed by the recent PPSE impact assessment, which show that cooperation and satisfaction of sector SMEs with ORGANIKA are at very high level (44% very good and 56% good).

Sector organization topics in the tourism sector were dominantly focused on COVID-19 impact. PPSE facilitated several activities related to this topic. Initially, the PPSE team conducted an **assessment**, in the early weeks of lockdown, related to the impact of COVID-19 on the hospitality sector. The study was presented to the Government of Kosovo official and was shared with and utilized by the sector associations and actors. Following the circumstances caused by COVID-19 and after the reopening of the HoReCa sector, PPSE partnered with the Kosovo Chamber of Commerce to bring together all tourism sector stakeholders, both public and private, to participate in **discussion for a** to engage in an open dialogue with the aim of drawing clear conclusions and applicable recommendations for reopening measures. The discussion for a with tourism stakeholders were organized via

online platforms in June. KCC has published and continuously advocated for Government action related to COVID-19 rescue measures for HoReCa sector. Another recommendation from the discussion was related to policies for tax relief for the HoReCa sector, the most important of which was later included in the recovery package as **reduction of VAT to 8% in hotel supplies, restaurants and catering services**. Other discussed topics and recommendations were related to COVID health and safety measures in the HoReCa sector, 'Green Belt' initiative for enabling hikers to enter the country during COVID (targeted for trekking trails), etc.

In the reporting period, it was observed that the harsh economic situation faced by the private sector has triggered tourism businesses to be better organized and lobby for their needs with the public sector. The private sector in Kosovo, led by the Kosovo Alternative Tourism Association KATA, presented a set of requirements to the Ministry of Trade and Industry. Among others, they **requested the reduction of the VAT from 18% to 8% for the hospitality sector**. This request was approved and was handed to the Ministry of Finance for further elaboration and approval. PPSE engaged RIINVEST Institute to write a paper on the impact of a reduced VAT in the economy. This paper will then be sent to the Ministry of Finance for further reference.

To date, two new tourism organizations have been established: The Tourism Union and the Chamber of Hotels and Tourism Association. In addition, a third entity, the Gastronomy Association, has been very active in requesting monetary and technical (anti-COVID measures) support from the government. The government is in the process of drafting a Recovery Package, where the HoReCa businesses are expected to benefit, too.

3.4.1. Opportunity Fund

Opportunity Fund (OF) continued to be used as an additional instrument for the sectors. However, the current situation of the COVID-19 pandemic heavily affected SMEs both in the demand and supply side, which pushed back the SMEs in engaging in new investments.

As of the reporting period, **one full application has been approved, for developing an In-Nature Adventure Park in Gërmia, Prishtinë/Priština**, by Sports Marketing in collaboration with the Municipality of Prishtinë/Priština. No contractual agreement has been signed yet, for of two reasons: the global pandemic situation and the unexpected change of response by the Directorate of National Parks (Municipality of Prishtinë/Priština) and the Ministry of Environment. Although initially the Municipality of Prishtinë/Priština was advised that it did not need any written consent by the Ministry of Environment (respectively, the Agency for Environmental Protection) for the instalment of the park, the Directorate of the Parks (Municipality of Prishtinë/Priština) requested so. The written consent by the Agency for Environmental Protection (Ministry of Environment) is expected to be finalized during July 2020.

Furthermore, a **concept note [waiting for the full proposal application by the company]** was approved for a project on food waste recovery through renewable energy.

With regards to the contractual agreements signed in 2019, the launching of the products was supposed to take place in the first half of 2020. However, due to the situation created by the global pandemic and then the lockdown, the companies had to postpone their constructions (tourism sector) and ordering of the machinery/equipment (FNI sector), as well as launching of the products in the market.

A summary of the challenges for each OF partner, that were faced during the pandemic period is presented below:

VIER PFOTEN - The aim of this co-investment agreement is to establish a Nature Trail area (with a maximum length of 400 meters and width of 4 meters) and an Entertainment Park at the Bear Sanctuary in Prishtinë/Priština, for multi season public recreation opportunities. The Bear Sanctuary was

closed for the visitors from 14th March until 15th June 2020. Besides the challenges with income generation, the company managed to keep its employees, as it decreased certain expenses and planned investments; received additional funds from the Four Paws International Organization; as well as benefited from the government COVID-19 package. However, the company stated that they will not be able to realize more than 60% of its planned revenues this year. The opening ceremony for the launching of the new products scheduled for 24th of April was postponed for 15th of July 2020.

Camping L.L.C. – The aim of this co-investment agreement is to establish a campsite and six recreational products and activities in one of the most frequented tourist destinations in Kosovo - the mountain region of Rugova. The delays on the construction have been due to the COVID-19. However, as of June, the company has resumed with the construction works and the project is expected to be finalized by end of August/September 2020.

Kodra e Diellit – The aim of this co-investment agreement is to complete the production line and introduce new products in the market, by purchasing machinery for new products: rolls and bars produced from the remaining of dried fruits (i.e. apples, berries and plums). Kodra e Diellit has invested in all the equipment and has finalized the construction of two warehouses as per the contract. Due to COVID-19 pandemic, the company stopped operating between March 2020 until mid-June 2020. To date, the company has tested 10 products and 5 products were selected for final production, which will start in August/Q3. The number of the newly hired staff in January 2020 is 4 (all women). The company's sales decreased drastically during the lockdown (accurate information is not yet available). The company also managed to test the drying process of blueberries, aronia berries and cherries, alongside plums, since it is planning to potentially expand the production of dried fruits and test the market.

Eurofruti - Eurofruti received financial support by PPSE for a packaging equipment for frozen berries and fruits and cleaning equipment. The company has already bought the following equipment: cleaning equipment, processing elevator and polishing machine. Due to the COVID-19 pandemic, the shipment of the machine was postponed and is expected to arrive in July 2020. In spite of the global pandemic, the company continued its operation, but with limited staff. At the farm level, the sales of the company has decreased (compared to last year), since the farmers could not buy agricultural inputs (they were not available in the market), which resulted negatively in the production of strawberries, raspberries and blueberries. Due to the lockdown, the company could not receive supply of packaging materials such as plastic gabs, cardboard boxes, foils, labels, etc. The complete lockdown at the beginning of the pandemic prevented the company to collect strawberry, which was the peak season at the time. Furthermore, the company's exports has decreased by 10% compared to last year. The company expects that with the new packaging machinery and the new frozen berries introduced in the market, the company will increase its sales by 20% during the next two years.

3.4.2. Social Inclusion Fund

Social Inclusion Fund (SIF) interventions were affected by the current situation of COVID-19 pandemic. This is mostly reflected in **delays of purchased machineries and other equipment**. As of the reporting period, the project continued to closely monitor implementation of the contracts signed by the end of 2019 with **Huumë** (production of handmade soap) located in Prishtinë/Priština, **TP Komerc** (production of honey and chocolate cookies) from Dobrotin, **Ordo Draconis** (medieval theme park) in Gračanica/Graçanicë and new contract signed in 2020 with **Streha Pack** (rehabilitation centre) located in Gjilan/Gnjilane.

Huumë – The aim of this co-investment agreement is to increase production capacity of the business and to introduce new products in the market by purchasing soap cutting machine and other necessary equipment. Up to now, all machinery and equipment were installed in the facility. The current situation made them think about different market strategies, especially establishing their presence

on social media. Additionally, a SEC expert for product development was assigned to this business however the mission will be postponed until further notice.

TP Komerc – The aim of this co-investment is to introduce new product in the market by purchasing new production line for chocolate cookies. The business invested in adaptation of the facility however they faced many difficulties in delays of machinery (chocolate glazing machine). The current situation with the business is that machine is in place but testing of machinery is postpone due to bad health condition of the owner. As per agreement, last two payments will be done upon testing the machinery and confirmation of the business.

Ordo Draconis – The aim of this co-investment agreement is to develop new tourism product in Prishtinë/Priština region by establishing a Medieval theme park. The contract with Ordo Draconis was extended due to delays in construction especially in months of March and April, the lockdown period. Up to now, they managed to finish most of the construction of Medieval park and both PPSE and business investments were verified on the site. The planned inauguration ceremony for June was rescheduled for October 2020. Since the biggest impact of COVID-19 pandemic is on the tourism sector, the owner reported that financial projection for this year will be much lower than it was initially estimated.

Streha Pack - The aim of this co-investment is to expand cultivation of the MAPs and to secure sustainability of this business activity of the centre. Despite of the pandemic, Streha Pack managed to perform without delays in implementation. Most of the work in preparation of the land is done and now the owner is waiting for the approval from KEDS to connect to the power grid. Upon approval, the project will proceed with its support.

The SDC and management approved required investment with RED Diamond business (goji berry production). However, the partnership agreement is still not signed as business had difficulties in finding offers that match specifications of the packing machine. The contract will be signed in the begging of August. Aware of the COVID-19 situation, PPSE included the risk mitigation strategy in the contract.

4. Transversal Themes

4.1. Social Inclusion

Besides interventions of the Social Inclusion Fund, the PPSE continued to design sectors' focused interventions and mainstreaming activities in specific sub-sectors with higher potential for inclusion.

Minority Inclusion in FNI interventions:

- Under the FNI sector and inclusion of Roma, Ashkali and Egyptian farmers, the project engaged local consultant to map potential farmers in four regions in Kosovo and to start initial negotiations with farmers and MAPs processors with the assistance of PPSE. Up to now, we have selected two interested farmers, one in Priluzje/Përluzhë and the other in Prizren. The idea is to support farmers with small driers and to co-invest in seedlings together with processors (e.g. Agroproduct) ensuring secure access to market.

Minority inclusion in Tourism interventions:

- Under the tourism sector, the project has explored the souvenir sub-sector and inclusion of small handcraft businesses. For this purpose, a local consultant was hired to perform an assessment of souvenir subsector in the region of Prishtinë/Priština. Businesses and opportunities for interventions were identified, which however had to be dismissed due to COVID-19.

The project tends to explore online platform for promotion of interested businesses (i.e. Appdec).

4.2. Gender

- In the first semester of 2020, PPSE, through the food sector, including OF and SIF, has entered into **15** cooperation agreements with new partner SMEs, of which **5** are with businesses owned or co-owned by women (Azemine Domuzeti, Bliff Organic, Humme, Appdec, and Kodra e Diellit). Impact in terms of employment and other indirect impact in favour of women is expected to be measured at the end of the year through impact assessments. However, up to date information indicate that women-owned companies result in more women being employed within these companies. Therefore, the impact on women's employment is expected to be greater in these companies. It is essential to note that employment within companies will be formal. This has become even more important in the time of the pandemic, when the Government has compensated workers' salaries for businesses that have ceased operations. As a good example, we can mention Kodra e Diellit where recent investments in cooperation with PPSE resulted with 4 women employed. In addition, for women farmers involved in MAPs cultivation, through ORGANIKA association **27 women farmers** received an online training (via Viber) related to MAPs organic cultivation. It is important to mention that the training lessons have been recorded and sent to the participants which allows women farmers to access that information at any time convenient to them. This type of training was organized as a response to COVID-19 situation. Given the situation created with COVID-19 pandemic, training in such a format (simple platform as Viber and recorded videos) is very practical taking into account the additional burden that women have in the family with home-schooling and other family responsibilities.
- During this pandemic period businesses from the HoReCa sector were hit hardest, with lockdown measures, some businesses had to dismiss their employees. This in turn affected women, who were the first to suffer job and income losses. It has been difficult for PPSE team to explore new areas of intervention where women could benefit, due to the sector lockdown. Although, PPSE managed to respond to the needs of the guesthouses located in the West Kosovo, to refurbish their facilities and prepare for receiving local tourists. Guesthouses are mainly family businesses, where women play a crucial role in running, operating and cooking for the guests. It is expected that by September 2020, 10 guesthouses will be refurbished to cater to the needs of local tourists.

5. Consultancies

A total of 31.5 days of planned short-term consultancy days were executed in the reporting period (national 25.5 and international 6 consultancy days).

National/international service providers were also engaged under Part IV outputs. Since their engagement is mainly output-based and not per consultancy days, these activities are explained under each output and intervention area.

An international consultant was engaged to provide expertise on specialized seedling production.

The national consultants were engaged for the following activities: international promotion of tourism sector, co-facilitation of activities with regards to strategic visitor's flows from Turkey; support FNI sector to develop and implement new interventions in the South region of Kosovo.

A total list of consultancies with information related to the engagement objectives can be found in Annex III.

6. Finances

6.1. Budget

The total planned budget for the Year 4 of Phase II amounts to **CHF 1,921,210**. In the first 6 months of the reporting period, 42%, the amount of **CHF 808,095** was spent.

Details of the budget implementation per budget lines in the implementation phase are provided under Annex VI. The following section explains cases with under- and overspending of more than 10% per budget line.

Part 1- Services Headquarters

The total budget for this part is **CHF 31,860**. **CHF 10,591** was spent to date, meaning 33%. More intensive support is planned during the second semester.

1.1 Fees Headquarters Staff of Contractor

Out of the total planned budget of **CHF 29,920**, **CHF 10,017** was spent in the reporting period, representing 33%. The rest of the planned budget, including the budget for advisor on Tourism and Food will be spent in the second half of the year.

1.2 Reimbursable Costs HQ Staff

From the budget of **CHF 1,940**, **CHF 574** has been spent, resulting in 30% execution of this budget sub-line. Support was often provided via mail and Skype, resulting in less spending on accommodation, travel, and other expenses for HQ staff.

Part 2 – Local Office of Contractor

The total budget for this part is **CHF 84,490**. In the reporting period 42% of the budget, or **CHF 35,107** was spent.

2.1 Fees Local Office Staff of Contractor

From a budget of **CHF 76,800**, **CHF 34,880** was spent, or 45% of total budget.

2.2 Reimbursable costs

From a total budget of **CHF 7,690**, **CHF 227** was spent, or 3%. Due to the pandemic situation, travel has been impossible.

Part 3a – Long-Term Experts

3.1 Fees for Professionals (Expat and National)

The total budget for this line of part 3 is **CHF 677,250**, while spending was **CHF 338,625**, meaning 50% of the planned budget.

Part 3b - Short-Term Experts (Consultants)

The total budget for this part was **CHF 42,750**, while spending was **CHF 32,430** meaning 76% of the planned budget.

3.4 Fees International and National Short-Term Experts

The total budget was **CHF 40,000**, while **CHF 31,500** was spent, or 79%. Other remaining consultancy days are planned for the second semester.

3.5 Reimbursable Costs

The total budget was **CHF 2,750**, while spending was **CHF 930**, or 34%. Since most of the consultants are national, there are less charges for travel and accommodation.

Part 3c – Local Support

The budget for local support is **CHF 177,925**, of which **CHF 79,251** was spent, resulting in 45% of the planned budget.

3.6 Remuneration of National Support Staff

The national support staff was budgeted for **CHF 76,200**, while spending was at **CHF 37,184** or 49% of the planned budget.

3.7 Reimbursable Costs

The amount of **CHF 15,125** was budgeted, while no expenditures for the reporting period. Due to the pandemic situation, all seminars and flight tickets were cancelled.

3.8 Total Purchase of Equipment for PIU

The planned budget was **CHF 2,600** while the **CHF 1,245** was spent in the reporting period, which means 48%

3.9 Total Operating Cost PIU

Total planned budget is **CHF 84,000**, while **CHF 40,822** or **49%** was spent. This budget line includes expenses of office utilities, phones, office rent, vehicle running cost, local auditing.

Part 4 – Administrated Project Funds

The total Part 4 planned budget is **CHF 906,935**, of which **CHF 312,092** was spent, representing 34% of the planned budget. The rest of the planned spending will be spent in the second half of the year, such as, the spending of the budget for the Opportunity Fund and spending for the planned and on-going interventions that were committed in the first half of the year.

Outcome 1: More, dynamic SMEs have grown in the selected sectors

The total planned budget of Outcome 1 is **CHF 265,000**. 34% of the budget or **CHF 89,670** was spent in the reporting period.

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

The budgeted amount was **CHF 165,000**, while **CHF 53,880**, or 33% of this budget line was spent. The rest of planned and ongoing interventions will be completed and paid in the second semester.

Output 1.2: SMEs have increased production

The budgeted amount was **CHF 100,000**, while **CHF 35,790**, or 36% of this budget line was spent.

Outcome 2: SMEs benefit from improved and better organized inclusive.

The total planned budget of Outcome 2 is **CHF 250,000**. 33% of the budget, **CHF 82,632**, was spent in the reporting period.

Output 2.1: SPs offer improved business support service

The budgeted amount was **CHF 100,000**, while **CHF 31,581**, or 32% of this budget line was spent. The rest of payments will be completed in the second semester.

Output 2.2: SMEs have improved access to sales channels

The budgeted amount was **CHF 120,000**, while **CHF 27,890**, or 23% of this budget line was spent. The other part of the budget is expected to be implemented in the second semester.

Output 2.3: Stakeholders have improved sector organization and networking

The budgeted amount was **CHF 30,000**, while **CHF 23,161**, or 77% of this budget line was spent.

COVID-19 related activities

The following table presents PART 4 expenditures specified for COVID-19 related activities.

PART 4 - Expenditures	Budget 2020	Local & HO expenditures until 30.06.2020	COVID 19 related activities	Total expenditures Jan June 2020
OUTCOME 1	265,000	58,296	31,374	89,670
<i>Output 1.1</i>	165,000	53,880		53,880
<i>Output 1.2</i>	100,000	4,416	31,374	35,790
OUTCOME 2	250,000	65,564	17,067	82,632
<i>Output 2.1</i>	100,000	29,755	1,825	31,580
<i>Output 2.2</i>	120,000	17,925	9,965	27,890
<i>Output 2.3</i>	30,000	17,884	5,277	23,161
TOTAL PART 4	906,935	268,672	48,441	317,112

Further details related to the nature of the expenditure are presented separately in Annex IX Covid-19 Contingency plan and measures.

Cross-Cutting Topics

For the cross-cutting topics **CHF 64,550** was spent, amounting to 70 % of the total planned budget of **CHF 91,935**.

Capacity Building

For capacity building **CHF 12,875** have been planned, while **CHF 2,711** was spent, amounting to 21% of the total budget.

International exchange on innovation for partners

The amount of **CHF 15,000** was planned for international exchange on innovation for partners, **CHF 2,004** was spent, or 13% of the total budget.

Communication

For communication and promotion **CHF 17,590** was spent, or 88% of the total budget of **CHF 20,000**. There were intensive communication activities in the reporting period.

MRM, including DCED peer review audit, sub sector/destination assessments/baselines and impact assessment

For the MRM related activities, **CHF 40,905** was spent, amounting to 97% of the total planned budget of **CHF 42,060**.

Strategic Review, Steering Committee and Team Building

For the strategic review, **CHF 1,340** was spent, or 67% of the total planned budget of **CHF 2,000**.

Opportunity Fund

For the Opportunity Fund, a budget of **CHF 250,000** was planned. **CHF 46,079** of the budget was implemented in the reporting period, or 18% of the total budget. As per current commitments, the rest of the budget is to be executed in the second semester.

Social Inclusion Fund

For Social Inclusion Fund **CHF 29,160** was spent, or 58% of the total planned budget of **CHF 50,000**. The rest of the budget will be executed in the second semester.

7. Project Organization, Management and Steering

7.1. Capacity Building and Exchanges

In the first two months of 2020, the team was intensively involved in the preparation for the DCED audit, conducted by the team of DCED auditors in early March. During the DCED preparation period, the coordination and the preparation process was supervised by the MRM Specialist. Internal coaching of the team was provided also by the PPSE management. Backstopping support was provided as per project needs by the Swisscontact Regional MRM Advisor, Tanjima Ali, and the Swisscontact HO.

Following the COVID-19 spread in the country, and the implementation of the quarantine measures by the government, from 13 March 2020 PPSE continued to telecommute until mid-May. The team returned to the office in mid-May, with half of the team telecommuting on rotational basis fully observing the measures recommended by the national health institutions and World Health Organization, such as wearing of masks, keeping the necessary distance, and respecting and applying all the hygiene related matters.

The Swisscontact regional backstoppers, Henry Leerentveld and Martin Dietschi, supported PPSE on overall strategic and administration planning. Riinvest Institute supported the team in activities involving strategic planning, organization of stakeholders, advocacy and research backstopping support on the policy measures related to tourism sector. Since March, the backstopping support was provided online.

PPSE Communication and Public Relations Manager provided communication and media relations support to the Association of Wood Processors of Kosovo, at their request, and seven Kosovo wood processing companies that exhibited at the bi-annual Swissbau Fair in Switzerland.

7.2. Project Organization and Management

The project is functioning at the same premises. Security measures have been undertaken to comply with the SC Kosovo Local Security Plan, that was formulated to comply with SC worldwide standards.

The recruitment process for a new tourism facilitator was concluded in January 2020. The capacity building of the new facilitator on MSD and MRM was provided in house by the PPSE management and the MRM specialist. The International MRM Regional Advisor, Tanjima Ali, has continued to provide support from the regional office in Tirana.

Since the quarantine measure started, the team has conducted regular online meetings and has followed work with all partners, following up on the ongoing regular activities and exploring and focusing on activities that were highly relevant to respond to COVID-19 pandemic crisis. Consultations with SDC took place for all new interventions that were developed as a response to COVID-19 situation. PPSE tourism team actively participated in the SDC initiative of exchanging experiences of tourism initiatives in times of COVID-19. Review of the semester activities and the progress to date was done in online team meetings during all the period, while a more focused recap was concluded during June.

7.2.1. Project Steering

The main body for project steering is the Steering Committee, alternately headed by the SDC and to date by the Ministry of Trade and Industry (MTI). The fifth PPSE Steering Committee could not be organized physically as usually. So, an alternative online approach was utilised. As proposed by SDC, the feedback and approval of the Annual Report and the Yearly Plan of Operations was done online, via email, between 24th of April and 4th of May 2020. All SC members agreed to provide their feedback and approval of documents online. As a result, both reports were approved by all the SC member, namely by the representatives of the SDC, the MTI/KIESA, the Kosovo Women Chamber of Commerce, the Rugove Company, the Kosovo Employment Agency, the Kosovo Chamber of Commerce, and the social inclusion expert. Additional external stakeholders were also included in the email approval process, including the CEO of Swiss Experience and the EYE project manager, who contributed with their feedback.

The advisory body, the Strategic Review Panel (SRP) with the Riinvest Institute and SC, reviewed and supported PPSE with the Annual Report and the YPO.

There was a continuous coordination and strategic guidance by the Swisscontact regional director and Riinvest director. Regular online weekly meetings took place with the Swisscontact regional management team since the start of the quarantine measures.

PPSE was in close contact with SDC throughout the year while regular online bi-weekly meetings took place since March, to ensure a close coordination and implementation of COVID-19 related activities. Regular coordination, mainly from distance, was also done with the EYE project team of Helvetas.

7.2.2. Monitoring and Results Measurement

This semester was marked with milestone activities for monitoring and results measurement system of PPSE. The most important activity was the full audit for the monitoring and results measurement conducted by DCED. The PPSE team is very satisfied for the achievement and for representing the first project in the region to have undertaken a full DCED audit. The following part in this section represents a reflection of the PPSE DCED audit, with emphasis on the lessons learnt and benefits from the process. PPSE was also invited by DCED to present and share its experience with applying the DCED standard in a webinar. The webinar was streamed on 18th of June and PPSE was represented by the MRM Specialist Fisnik Bajrami.

In addition to the audit, the PPSE team conducted an impact assessment for the FNI 'Facilitation of Certification Programs' intervention, where 22 SMEs were interviewed. The team utilized the lockdown period to conduct these interviews virtually. This was the first impact assessment for this intervention, and it provided the team with important findings related to the impact and sustainability of the intervention.

The PPSE team also conducted a brief study on the impact of COVID-19 on the hospitality sector in Kosovo. This study was conducted exclusively by the MRM Specialist and the tourism team. The study was shared with many stakeholders, including the Ministry of Finance, sector associations and sector actors. Particularly important was the relatively quick mobilization of the team to conduct this study, as it provided important, and shortly, information to stakeholders.

PPSE DCED audit reflection

In early March, the team of DCED auditors visited PPSE to conduct a full audit for the results measurement system. The documents for the audit had already been submitted by the end of January. It took the PPSE team around 7 months to consolidate all intervention documents for the audit. This was in addition to the usual monitoring work of the PPSE, which has always been structured and regular. The established and regular monitoring system of PPSE was crucial for a successful completion of the audit. The later months of 2019 were characterized by very intensive work towards preparation for the audit, where the team were almost exclusively engaged for this activity. The whole process of DCED full audit was organized and supervised by the MRM Specialist, while the team received support from also from the Swisscontact regional MRM Advisor and Swisscontact Head Office. The results from the audit were remarkable, where PPSE scored 97% in the ‘Must’ control points and 94% in the ‘Recommended’ control points. It is worth mentioning that this is a top result from the pool of full audits published by the DCED secretariat. The PPSE team agreed to submit MRM documents for all 9 ongoing interventions (5 in FNI and 4 in tourism). The auditors’ selected a sample of 4 interventions, with 2 from each sector. The audit was extensive, covering all intervention and PPSE documents and in-depth interviews with management and staff.

	July	August	September	October	November	December	January
Team members	10%	10%	15%	20%	25%	40%	30%
MRM	20%	20%	20%	30%	40%	70%	35%

Table 1. Approximate time dedicated exclusively for MRM DCED Audit Preparation

The experience of PPSE with the DCED audit was unique. It was a rewarding process of hard work, collective effort, and reflection. The audit result was a confirmation for the PPSE monitoring system, for managing interventions, measuring and reporting attributable impact as well as for managing the information and feeding into steering. The preparation process was an excellent exercise to bring the team together and reflect greatly on the interventions. This was indeed more of a learning process than the audit itself since the audit was rather a confirmation for the work. The preparation process was very reflective related to intervention identification, selection, design, to the working and monitoring methodology, attribution, impact assessments and so on. The preparation process could also be regarded as a professional development process for the team, requiring punctuality, work of highest quality, precise management, time management and organization.

The team reflected that the audit could not have been conducted at a better time for the project. As the PPSE project interventions have matured and focused primarily on scale, there was sufficient material for the auditors to assess and for PPSE to validate. The high audit result was achieved in a case of a tailored monitoring system. This was one of the learnings from the audit itself – that the monitoring and results measurement system should be developed and established as per the size of the project and per operational context, and it should be owned by the team. PPSE has always strived for a cost-effective monitoring system, with extensive monitoring work conducted in-house

and through utilizing plenty of existing knowledge and resources. One of the main strengths of the PPSE work was the continuity of monitoring system.

In summary, the full DCED audit was a challenging a very demand task for the PPSE team. It was conducted on very good timing, in terms of the project maturity, and served as a reflection, team building and professional development process for the team. The results of the audit were a confirmation for the management and monitoring system of PPSE.

7.3 Communication

Already in the third year of this phase, in this semester, PPSE has continued to integrate the various channels and tools to communicate change and impact. The message that PPSE is a Swiss Agency for Development and Cooperation project is clearly and strategically promoted.

TV Shows: PPSE partnered with four local TV production companies broadcasting in the public TV station RTK, and three national ones. “Bujku” (RTK) has produced 5 episodes to showcase the Swiss support contract farming, organic certification, and export promotion. “Toka Jonë” (Klan Kosova) has produced episodes promoting the new products and processes of partner SMEs in the FNI sector. “TAG Kosova” (KTV) has produces shows to promote new tourism products and local tourism, targeting primarily the local, regional and Diaspora visitors, especially relevant for the situation created as a result of COVID-19. “Start Up” (RTV21) has produced episodes on PPSE activities to strengthen women in the private sector, and digitalization initiatives. Everything is posted on the project website, under the “Video” menu.

Local Tourism on Focus: PPSE partnered with the Diaspora magazine Albinfo, based in Switzerland, with a large readership. As of this year Albinfo is the inflight magazine for Air Prishtina flights from Zurich Geneva and Basel to Prishtina and Skopje, available at the airport in addition to regular dissemination spots (under normal circumstances, excluding the situation created by COVID-19 and travel restrictions). Since March, Albinfo published articles promoting destinations within Kosovo, tour operator packages and services, and tourism activities overall. The articles appear in Albanian, German, and French. We run the English version on our Medium account. A total of 10 articles will be printed (five published so far).

COVID-19 Newsletters: To keep communication open and unaffected by the COVID-19 situation, during the initial lockdown period (March-April) PPSE produced three newsletter apprising the audience on the measures and activities the project undertook to adapt to the new circumstances. In addition to the regular semi-annual newsletter (May), PPSE issued a special-edition newsletter (June) presenting the digital initiatives by the private sector in response to needs that arose due to COVID-19 that PPSE is supporting. Such uninterrupted communication efforts were received well by partners and the audience. Also, during March-April-May, PPSE developed the series of posts with the #positivenews hashtag.

Social Media and Online: PPSE Facebook continues to be the primary channel of online project communication. The total organic reach (number of unique users, fans, or non-fans, who saw the page posts) in the first semester of 2020 was 141,162. 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. Project website and Swisscontact Kosovo page are regularly updated.

PPSE posts on regular basis on the project Instagram, Twitter, the medium.com accounts, and LinkedIn accounts of team members and Swisscontact worldwide to further disseminate project news.

Swissbau: PPSE 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 in January 2020.

Media Reporting: In the reporting period, PPSE and our beneficiary activities were featured prominently in 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

- The need for adaptive management and flexibility in implementation was highlighted most during this semester period. Implementation of activities was very dependent on circumstances and actors. It was very important for the team to conduct very frequent - even weekly updates with regards to developments within sectors and actors. Many planned activities had to be postponed or cancelled and the team had to quickly adapt ongoing interventions and design new interventions in response to COVID-19.
- PPSE team realized from the start of the lockdown the importance of frequent and balanced communication in times of crisis and adjusting the communication style to each stage of the crisis. PPSE used its online platforms and media outlets to communicate in clear, simple, and positive manner (e.g. coming up with the #positivenews hashtag for specific COVID-19 related activities) for a constant flow of information; also to support partners make sense of the crisis and its impact and new opportunities imposed by the crisis that they could pursue with Swiss support.
- PPSE has supported activities for new support services that enable SMEs towards improving resilience and business doing during COVID crisis. The team has observed early signs of many companies offering online shopping and delivery across all sectors. This trend represents a potential also for companies within FNI sector and the tourism sector. PPSE partners have quickly moved into delivering their services digitally, specifically offering trainings, coaching. Regarding the tourism sector many SMEs quickly adapted to new circumstances, tour operators refocusing from international to local tourists, restaurants offering delivery services, hotels adopting hygiene standards and so on. In addition to this, considering the size and maturity of businesses in the sector, the risk of collapse is not very high. Looking at experiences with natural disasters around the world (tsunami in Asia and SARS in Asia), evidence shows that the tourism sector has an incredible ability to recover rapidly.
- The interventions that PPSE has designed to accelerate achievements in several targets, especially under Outcome 2, have stagnated due to COVID. Nevertheless, considering the new activities and interventions on digitalization, we believe that we are in a good track to achieve these targets. Digital initiatives through partnerships with GjirafaMall (Shija e Kosoves/Kosovo Taste), Appdec (Shitja Online), KosovaPass are expected to provide services to a number of SMEs in the two sectors.
- The closure of many businesses during lockdown measures has shut many sales channels for producers of fresh products such as fruits, vegetables, meat, dairy, etc. This increases the

need for diversification of sales channels to minimize the consequences of single market focus. One of diversification means could be contract farming, which not only offers a sustainable market for producers but also represents an excellent means contributing to reduced direct contact (important for COVID times).

- The COVID crisis highlighted two important communication lessons. With regards to external communication, continuously investing time and effort to cultivate relations with partners, stakeholders, and the media, and establishing a reliable reputation among them makes the flow of communication in times of crisis much smoother. With regards to internal communication, the genuine team spirit achieved through in-person interaction and teamwork pays off when crisis impose virtual collaboration, and this in turn further complements the project's external communications.
- Despite the challenges that arose due to lockdown measures, the closure of borders has contributed to a greater need for local production, especially in early days of lockdown. This time was characterized with an awareness for local production, especially with regards to essential products. It is yet to be seen whether these developments will be translated to more promotion, investment, and growth of local production.