External Review Report

Promoting Private Sector Employment
PPSE
Kosovo

A project by

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Abbreviations

B2B	Business to Business
BMO	Business Membership Organisation
DMO	Destination Management Organisation
ENE	Economy and Employment
EYE	Enhancing Youth Employment
FDI	Foreign Direct Investment
GIZ	Gesellschaft für Internationale Zusammenarbeit
HPK	Horticulture Promotion in Kosovo
KCC	Kosovo Chamber of Commerce
KIESA	Kosovo Investment and Enterprise Support Agency
KWN	Kosovo Women Network
MAP	Medicinal and Aromatic Plants
MTI	Ministry of Trade and Industry
MRM	Monitoring and Results Measurement
MSD	Market Systems Development
NWFP	Non Wood Forest Products
OF	Opportunity Fund
PPSE	Promoting Private Sector Employment
ProDoc	Project Document
PSD	Private Sector Development
RAE	Roma, Ashkali, and Egyptians
SDC	Swiss Agency for Development and Cooperation
SME	Small and Medium Enterprise
UNWTO	United Nations World Tourism Organisation
WEE	Women Economic Empowerment

EXECUTIVE SUMMARY

The project Promoting Private Sector Employment (PPSE) is part of the ENE Domain of the Swiss Cooperation Strategy for Kosovo and financed by the Swiss Agency for Development and Cooperation (SDC). A consortium of Swisscontact, Riinvest Institute and PEM Consult implements PPSE.

PPSE applies the well-established Market Systems Development (MSD) approach. It started with a one-year inception phase from October 2013 to mid November 2014, followed by the current three-year implementation phase from mid November 2014 until mid November 2017. PPSE consists of interventions in three components with separate outcomes:

1) Sector competitiveness in (i) food processing and (ii) tourism
2) Private Sector Policy Development and SME Governance
3) Women Economic Empowerment (WEE)

In addition, the project operates an Opportunity Fund (OF) to provide matching grants for innovative initiatives.

In order to assess the achievements of the current project phase and to support SDC and the implementing consortium in preparing an eventual 2nd phase of the project, an external review was fielded in January 2017.

Overall, the **relevance** of what PPSE has set out to achieve is assessed as high. The project is on a good path to achieve its core impact targets in terms of numbers of jobs and additional income created.

Food processing has shown potential for scale, as it has generated the major part of its total net additional income as well as jobs generated. Among the sector interventions, the combination of introducing industrial varieties and aggregation through contract farming was most successful. Promising efforts were made with participation of food processors in local and international fairs. On the other hand, linking small-scale processors to exporters and product placement in supermarkets have not yielded the expected results so far.

Tourism comes second to food processing in terms of contribution to the impact targets. However, tourism in Kosovo is an early and nascent industry; the dynamics are clearly visible and expressed by the step increase of tourists. PPSE has been active foremost in the Western region around Peja and on the national level. Recently, activities have expanded to the North. Main interventions related to the establishment of a Destination Management Organisation in the West, national and regional promotion efforts, development of new tourism products, as well as development of credible statistics on tourism.

The **Opportunity Fund** has so far approved 12 projects; six are already completed and six still under implementation. Sector-wise, five tourism projects and seven in food processing have been approved. Eight projects are still in the pipeline for a planned start in 2017.

The **PSD/SME component** was designed to improve (i) strategic articulation and advocacy skills of SMEs, as well as (ii) their internal organisation. The initiated advocacy efforts are in an early stage but some have the potential to become game changers for the tourism sector. Equally, trade fairs have good potential; 2017 will show whether they can be brought to scale and institutionalised. The intervention line on internal organisation and governance of enterprises was successful but had limited scale; systemic impact will require different concepts.

While the review team recognises the importance of **WEE**, the overall impression of project interventions and activities is of a scattered spread. The project did not really find effective entry points for changing property rights for women; other interventions stand out in terms of high unit costs. The choice of several interventions seems to have been rather supply driven and a lack of root cause analyses is diagnosed that ideally would lead to new ideas with actual impact and systemic change potential.

Interventions targeted at **minorities** have focused on the Serb community, and show promise. Existing and tested interventions could more or less be copied, and no special approach was required for this target group.

Related to PPSE's **organisation and management**, the review found a certain imbalance of the contributions between the members of the consortium, with Swisscontact as main actor while the other two partners de facto rather perform sub-contracting functions. Further, the review is of the opinion that team leadership and management leaves room for improvement. This also applies to the Monitoring and Results Management (MRM) system. In addition, the project would benefit from a stronger private sector and business orientation, with greater experience of firm-level challenges and opportunities.

In general, PPSE team has shown that it can apply the **MSD approach** successfully, but there is space for more pro-activeness, flexibility, risk taking and opportunities' grabbing.

Recommendations for phase 2 see the **hierarchy of objectives** as core issue to be clarified. Given that the project carries in its name the promotion of private sector employment and given that it is labelled as MSD project, the review recommends that the creation of private sector employment and income is set as paramount aim, while PSD governance, women economic empowerment and social inclusion should be declared as secondary objectives. This by no means does exclude special efforts for participation of women and the poorest in the markets where the project will be active.

It is further recommended that more ambitious **targets** are set for a future second phase, as the project by then should know its ropes and be ready to go for more scale and impact.

At least initially, the project should remain with the **current two sectors**, i.e. food processing and tourism as it has become an established player in these sectors and as there is no doubt that needs are big enough in both sectors to justify further support. However, the aim has to be to go deeper and wider in phase 2, for which new second-generation intervention ideas will have to be developed.

It is further advised to have **WEE and PSD/SME** not anymore as separate components but instead integrate these objectives in interventions within the core sectors through targeted activities. Also, so-called cross-sector(s) could be introduced, in addition to the two core sectors.

It is finally proposed that PPSE and SDC plan, in the near future, for a comprehensive strategic planning workshop. The objective of the workshop would be to decide and agree on the strategic cornerstones and develop preliminary concepts and contents for phase 2.

Introduction

Background

The Economy and Employment Domain (ENE) is part of the Swiss Cooperation Strategies in Kosovo (2013 to 2016; new one from 2017 to 2020). The ENE Domain goal is to reduce youth unemployment in Kosovo through a three-pronged approach: (i) private sector development that offers more jobs, (ii) young people that are adequately trained for jobs offered by the private sector and to start up own businesses, and (iii) a better performing matching system that increases the chances of jobseekers to find adequate employment.

The project Promoting Private Sector Employment (PPSE) is part of the ENE Domain and financed by the Swiss Agency for Development and Cooperation (SDC). A consortium of Swisscontact, Riinvest Institute and PEM Consult implements PPSE.

The project started with a one-year inception phase from October 2013 to mid November 2014, followed by the current three-year implementation phase from mid November 2014 until mid November 2017.

PPSE applies the well-established Market Systems Development (MSD) approach that addresses the root causes of why markets often fail to meet the needs of poor people by focusing on interventions that modify the incentives and behaviour of businesses and other market players to ensure lasting and large-scale beneficial change to poor people.[1]

The overall goal of PPSE reads as follows: SMEs operate in competitive and well-organized economic sectors, where public policies better match private sector needs, and provide increased sustainable gainful employment for women and men in Kosovo.

This goal is to be reached through interventions in three components with separate outcomes:

1) Sector competitiveness
2) Private Sector Policy Development and SME Governance
3) Women Economic Empowerment (WEE)

In addition, the project operates an Opportunity Fund (OF) to provide matching grants for innovative initiatives pertaining to PPSE's areas of interventions and to other initiatives related to employability and employment.

Next to the separate WEE component, the project adheres to the transversal theme of gender in all its outcomes; the project also advocates inclusion, participation and non-discrimination of minorities as core principles.

External review

In order to assess the achievements of the current project phase and to support SDC and the implementing consortium in preparing an eventual 2nd phase of the project, an external review was fielded in January 2017.

[1] Extensive literature on the MSD approach (formerly known as M4P) is available for instance on http://www.beamexchange.org and http://www.enterprise-development.org

The external review was tasked to address the following main questions:

1) Relevance of the project's approaches in the given development/transition context, including selection of sectors and target groups;
2) Appropriateness of the implementation set-up and project design, as well as related interventions for meeting the project targets;
3) Likelihood of achieving significant scale, employment and income generation by the project interventions; as well as
4) Provision of recommendations for an eventual 2nd phase.

The external review mission to Kosovo took place from 10 to 20 January 2017. The team was able to meet and discuss with a wide range of stakeholders, including SDC, implementers, project partners and beneficiaries, as well as key resource persons active in the PPSE sectors. Field visits were organised to the South, West, Centre and North of the country.

The review team would like to gratefully acknowledge the valuable contributions provided by representatives of the wide range of different organisations as well as resource persons involved in implementing PPSE. Particular thanks go to the SDC office and the project team, which provided excellent logistical support. Any errors or omissions are of course the sole responsibility of the authors of this report.

1 Progress in outcome 1: Sector competitiveness

1.1 Expected outcome and results

After a range of sector studies and market system analyses conducted during the Inception Phase, PPSE has selected two sectors for direct interventions based on their potential to achieve growth and employment:

1) Tourism
2) Food Processing

Originally, it was envisaged to select a third sector during the course of the implementation phase. However, after discussions of potential sectors (private health care, textile and wood processing), none could be selected that had sufficient potential and was also agreeable to SDC; instead it was decided to remain with the original two sectors for the time being.

The expected outcome of component 1 is that SMEs in the selected sectors increase their productivity and generate additional income and employment. This is in line with the Kosovo national policies and strategies for economic growth and employment promotion. PPSE did a thorough review of national strategic documents, as development strategy and action plans, in the Inception Phase – and built a project plan that took into account the relevant national priorities.

Results related to the outcome indicators achieved per December 2016 are given below, based on updated data from the project's Monitoring and Results Measurement (MRM) system:

MRM data on Component 1	Unit	Phase target	Result Dec 16	%
Net additional income	€	1'784'000	1'170'000	66%
Benefit outreach	SME	750	670	89%
Net additional employment	FTE	800	570	71%
Addl. employment of women	FTE	240	193	80%

Additional outcome 1 indicators relate to productivity increase in the selected sectors. However, no targets have been set and the productivity indicators are so far not reported in the MRM system.

It can also be noted at this stage that the targets, in particular in terms of net additional income and FTEs, are not overly ambitious given the substantial project budget.

1.2 Progress in the food processing sector

Concepts and interventions

The PPSE strategy for achieving systemic change that should lead to sector growth of the fruit and vegetables processing industry in Kosovo has been based on three pillars comprising of the following interventions:

1. Support improvement of the **competitiveness** of market actors through facilitation of: (i) introduction of industrial varieties of vegetables for processing, leading to increased supply of raw material to processors; (ii) Promotion of improved aggregation systems of products and improved extension services provided by collection centres, as intermediary service providers for both farmers (producers) and processing companies.
2. Support increased presence of **domestic products** in the market through facilitation of: (iii) better placement of local products in the domestic market, (iv) improved market access of home-made products and (v) support introduction of feasible and appropriate financial products and promotion of new processed products leading to increased level of **import substitution**.
3. Facilitate (vi) **export promotion** through improved links with market actors in the region and in the EU, leading to increased exports volumes into these markets.

The underlying impact hypothesis is that these systemic changes will result in increased productivity and income of SMEs, which offer better quality products at more competitive prices, which in turn leads to increased employment for women and men along the sector value chain.

Status of progress at the end of 2016

Market actors' competitiveness

The core concept in this activity line is to facilitate aggregation or bulking-up of produce in existing collection centres (often established by former projects) in order to guarantee processors access to required quantities and qualities, as well as timeliness of raw material supply. Producers conclude delivery contracts to profit from price guarantees and are offered the necessary inputs along with production advice. Also, PPSE facilitated the introduction of six new non-GMO hybrid vegetable varieties in the region.

The project contacted 11 collections centres (CC); 2 agreed to participate. One CC had earlier received long-term (and well-remembered) support from the SDC-financed project for Horticulture Promotion in Kosovo (HPK), which ended in 2012, and also receives assistance from other projects. The second and more recent partner CC was provided with a start-up grant of € 180,000 from the Ministry of Agriculture.

On the processors' side, eleven out of 17 enterprises participate in the venture. Producers reported that the share of local raw material used for processing has more than doubled so far. In addition, the Opportunity Fund (OF) of the project has co-financed an automated processing line for one major processor, which allowed a four-fold increase of its processing capacities. More than 80% of his raw material is now sourced from domestic producers.

Still, participation of producers remains limited; within the catchment area of the first CC, some 25% of producers have currently concluded contracts; some only for part of their produce, while they continue to sell the remaining crop in the local fresh markets. The second CC has a much smaller client base (33 successful contracts in the first year); they intend, after one year of experience with contract farming, to concentrate on few higher value products like gherkins, carrots and garlic. Plans also exist for specialising on export of frozen berries in future.

The remaining nine CCs contacted initially by the project apparently were then not interested or deemed suitable by the project for the promoted approach of aggregation through contract farming; the reasons reported by the project are mixed. Some CCs were said to primarily collect fresh produce for export, which was not a focus area for the project (its priority being import substitution). Some others were resistant to change, considering their existing ways of operation adequate for their business model. At least one CC had liquidity problems, which prevented it from becoming operational and engaging in developmental projects. However, it is worth noting that the review team found the answers to the questions about the CC landscape in Kosovo, and extent of engagement by the project after the initial contact, somewhat vague and incomplete. For example, when stating that there are 11 CCs in Kosovo, the project seems to have disregarded CCs that are specialised in berries, and was unable to provide a comprehensive picture of all CCs in Kosovo by sub-sector.

In 2016, PPSE has expanded into the Medicinal and Aromatic Plants (MAP) sector, where it promotes the same contract-based aggregation approach. It has successfully partnered with the largest MAP company (also a former HPK client) and supported the expansion of their collection centre network throughout the country by adding 135 new producers. Four new MAP varieties were successfully introduced. The project also co-financed a cutting machine that allows the company to export products of higher quality. Similar activities with a second MAP partner company in the North are at a very early stage.

While these interventions can certainly be judged as successful in their own right, the envisaged systemic change is faint. With the exception of the gradually growing number of farmers entering into contracts with the CCs every year, there seem to be, at least so far, no indications for copying of the PPSE contract farming and bulking-up 'model' in other areas or by other actors, be they further CCs or processors themselves. The team plans to promote copying through the only follow-up intervention designed so far, which is a presentation of the results to other CCs with the hope of new partners seeing the potential of the approach.

Despite this being a welcome initiative, the project team did not have an answer to the question as to why this ‘road show’ was not started in mid-2016, when results from 2015/16 interventions had already produced positive results.

Domestic products in markets

The intervention to promote the placement of domestic products in established large retail chains was started in 2015. Three supermarkets and three Kosovar processors agreed to participate in the pilot. The project team told that producers did see an increase in sales, but no hard figures were made available by them to the PPSE team. Unfortunately, the effort did not produce any take up afterwards and has not been repeated since.

The issue of placing domestic products in local supermarkets is rather complex, stemming for the high power supermarkets have over producers and the onerous terms they place on them as conditions to stock their products on their shelves. For example, one major hindrance for increasing the share of domestic produce in supermarket shelves is the seriously delayed payments by supermarkets to processors. PPSE is addressing this issue within the PSD component (interventions for drafting the Law on Late Payments and the Internal Trade Law; these efforts are discussed below).

In any case, the review team is fully convinced of the importance of having more local products in Kosovo supermarkets and thus substitute at least part of the imports. However, at present PPSE does not yet seem to have a clear strategy of either how to proceed from here or, alternatively, to stop efforts for increasing the share of domestic products in supermarkets and embark on new venues.

Export promotion channels

PPSE supported export promotion through facilitating Kosovo enterprises in participating in international trade fairs; this intervention was conducted jointly with the Empower PS project and KIESA. 11 companies were brought to the Anuga food fair in Cologne Germany; reported results were good and six companies signed contracts in B2B meetings.

The second intervention, promotion of export channels for small-scale processors, did not work out as envisaged. In 2015, two exporters were matched with women associations, which produce homemade pickled peppers in jars for local markets; sales apparently quadrupled. The planned repetition and expansion of this effort in 2016 had to be abandoned for reasons could not be fully clarified.

According to the PPSE team, the local partner seemed to have changed the terms of the agreement, by asking for more concessions to guarantee his involvement in the project. The partner conceded that this was the case, but argued that he was compelled to do so to ensure quality and reliability of the product supplied by women associations. The core of the matter seems to be that in 2016 the exporter wanted the women associations to provide him with semi-finished products in bulk quantities for him to do the final processing, quality control, packaging and exporting. The women associations, on the other hand, were not satisfied with the lower price offered for their semi-processed goods and apparently prefer to continue producing less but for a higher price through direct local sales. It remained unclear to the mission whether PPSE has explored all possibilities to arrive at a compromise between the two parties.

In this situation, obviously a thorough analysis of the past experiences would be called for, to be followed by either a convincing plan for adjusting the intervention or, alternatively, a decision to stop supporting the idea of directly linking small-scale processors with exporters and develop new interventions for export promotion.

Overall assessment of food processing interventions

Food Processing is a rather maturing sector in Kosovo, which has received and continues to receive substantial support from projects, as well as from large government subsidy schemes. Consequently, the objective to achieve systemic change is more difficult for a project in a crowded and somewhat distorted market. However, given the low base from which the sector has started, and the still high potential for growth in the near future, the review team does see room for further interventions in this sector.

In terms of numbers, food processing has proven to have the potential for scale for PPSE, as it has generated the major part of its total net additional income (more than € 760,000 or 65% of the total achieved so far), as well as job results (482 out of a total of 570 FTEs, or 85% of jobs created).

Among the sector interventions, the combination of introducing industrial varieties and aggregation through contract farming was most successful. While it has yielded positive results, acceleration through crowding-in could have been faster and copying has not occurred so far. The model was successful expanded in MAPs; again so far the impact is limited to one company. Finally, promising efforts were made in fairs' participation in concert with other actors.

The interventions of linking small-scale processors to exporters and product placement in supermarkets, on the other hand, have not yielded the expected results and were stopped for the time being.

The emerging issue is the need for more proactiveness and creativity within the team. Most interventions were designed during inception phase and have been implemented in the last two years. Limited up-scaling did take place in aggregation; interventions that did not work (something which is normal in a MSD project) were not sufficiently analysed for lesson learning and consequently no concrete proposals for follow-up interventions evolved. Challenging and strategic thinking seemed to also miss from the leadership of the project partners.

However, this does not mean that the project has not started to develop new ideas, although the review team found itself often prompting the team for these. They include entering into other sub-sectors like confectionary/bakery, nuts, or dairy. Also being discussed are topics like packaging, traceability and certification for NWFP to boost exports. However, these ideas are still at an early stage, with little evidence that they have been explored with any seriousness by the project team.

1.3 Progress in the tourism sector

Concepts and interventions

The original tourism sector strategy of PPSE also focused on three main pillars, which were expected to strengthen western Kosovo as tourism destination. Six interventions were originally planned in these three pillars.

1. Functionalization of a **Destination Management Organisation** (DMO) in order to coordinate all stakeholders, overcome collective problems and make the destination more attractive (i).
2. **Promotion**: Tourism enterprise marketing services on online platforms to increase visibility and access (ii), promotion of local inbound tour operators (iii), and effective destination branding and promotion (iv).
3. **Product development**: Public good infrastructure and private product development (v and vi).

The underlying impact hypothesis in the PPSE tourism sector strategy starts with the DMO, which is to ensure cooperation among all stakeholders for developing new products, attractive international and national promotion measures and up-to-date web presence for marketing. This in turn will enable local tourism SMEs to increase and display their menu of offerings and local inbound tour operators to offer tailor-made tourism packages for different market segments. The combined interventions are to directly contribute to increased numbers of tourists, who spend more and stay longer in the destination. As a result, the income of tourism SMEs increases and they generate more employment in the region.

Status of progress at the end of 2016

DMO

The DMO was started in the region of Peja, Junik and Decan and is based on the copyrighted Model for Destination Management developed by the Swiss University of St Gallen. The PPSE-initiated DMO is something of a hybrid, as the basic St Gallen model consists of a circular 6-step process involving all relevant stakeholders and does not necessarily require establishing a permanent body. However, given the then many unconnected tourism actors in the Peja region, PPSE went for establishing a permanent small office to promote day-to-day cooperation.

The DMO office is located in Peja and has currently 33 (out of potentially around 100) tourism businesses as paying members, ranging from the largest hotel in town to small one-person enterprises, each paying the annual fee of € 50. In addition, 20 NGOs active in the tourism sectors are non-paying members.

The day-to-day management of the DMO is in the hands of two very motivated staff. The core budget is paid by the participating municipalities: Peja contributes annually € 10,000 (plus office space and utilities), Junik € 2000, and Decan € 3000. PPSE at present contributes € 10,000 towards the operational budget of the organisation.

Before PPSE became active and promoted the DMO, Peja municipality already has its own tourism office. This is in charge of two excellent promotion and information locations. Unfortunately, the potential of both offices is far from being tapped; the central office is closed over weekends (when most tourists arrive) and the Rugova valley office is mostly empty.

As such both offices have their justification: the DMO's mandate is to service its member enterprises while the tourism office's mandate is to directly cater for the tourists. However, there is a clear need for better coordination and cooperation between the two organisations.

When looking into the future, some challenges emerge: the first relates to the DMO as the core concept of the PPSE efforts in the West. It is evident that the future of the organisation will depend, on the one hand, on continued financial support from the three municipalities (which will be influenced by the political constellation after the next local elections, due in the second half of 2017), as well as, on the other hand, on real ownership by the local tourism industry, expressed in increase of membership and buy-in from local enterprises.

The motivated DMO team clearly requires more strategic guidance to prioritise among its long list of presumed tasks those that will create most benefits for its members (and thus incite them to pay their fees) as well as find ways and means to provide services what generate income. Otherwise, its future in a post-project period will not be ensured.

Promotion

The first intervention line, tourism enterprises marketing services, has foremost aimed at making local enterprises accessible in the internet. Good progress was achieved; 55 hotels and accommodations have registered with the relevant websites (booking.com, Airbnb, TripAdvisor). In parallel, the project has facilitated hotels to use the commercial Lobby Boy software for inventory management; 17 had already enrolled on a free trial base at the time of review (the intervention was ongoing), but it is unclear how many will continue when payments start to be due (this intervention was financed under the PSD component 3).

In addition, the project has supported a local PR company to set up and operate the website beinkosovo.com to attract visitors and provide information on the different touristic offers in the country. Finally, flyers and brochures have been produced and placed in 15 tourism stands in hotels and at the airport. The results from these interventions are to be assessed in 2017.

The second main line for tourism promotion also proved to be successful. Under it, PPSE has supported several familiarisation trips: (i) for local journalists (to produce promotional stories on western Kosovo, including a TV competition), (ii) for international tour operators (jointly with Empower PS and the French embassy), as well as (iii) for Serbian tour operators (related foremost to monastery visits). Collaboration with a Turkish tour operator has started, which is to focus on Turkish cities with many Kosovar residents.

On the other hand, the tourism fair that was organised in Pristina in late 2015 did not bring the expected participation of enterprises and has not been repeated since.

Product development

Nine new touristic products have been successfully developed to expand the offer for the various segments: snow-shoeing, night skiing, bike tours, touristic signs, horse-back-riding, mini-farm, expansion of Via Ferrata in the Rugova valley and in Zubin Potok, as well as the zip-line and Radavci cave; the latter two co-funded under the Opportunity Fund.

The main tourism operators in Peja confirmed the benefits they were deriving from these new products. First-year visitor statistics, in particular for the zip line and the cave, are very encouraging (8000 and 1400 paying visitors, respectively in 2016).

Debates have started on the ownership of the zip line and the Radavci cave, which are financially the most interesting products. Both are formally registered in the name of NGOs but some of their core members have also started their own private businesses. In this situation, it seems essential to perform, before further products are developed, tight due diligence for co-financing of NGO projects, in particular related to clarification of ownership and governance of co-financed assets.

Tourism statistics

The absence of accurate data on numbers and characteristics of touristic visitors to Kosovo has been a long-pending issue. PPSE decided to launch a new intervention and facilitated the conclusion of a MoU between the Kosovo Agency of Statistics, the Kosovo Border Police and the Ministry of Trade and Industry for improving the tourism statistics as per EUROSTAT standards.

Data collection should have started in November 2016; a first presentation of results is planned for February 2017. At present, it remains unclear if activities are being implemented as per the MoU. Should this not be the case, there is an inherent risk that the effort may produce incomplete or even wrong figures which might be worse than having no figures at all.

Should on the other hand the information collection system work as envisaged, it would be a perfect tool to generate in-depth knowledge and allow for tailor-made actions in the different market segments. The main challenge in any case will be ownership of the participating government bodies and corresponding diligence in keeping the system up and running.

Tourism activities with minorities

Several tourism interventions have been directed at minorities; however, these minorities were de facto Serbs and the project could largely apply the same approach as in other non-minority interventions.

Successful examples include the work in the Gracanica 'enclave', where a familiarisation trip successfully brought in Serbian tour operators, a biking trail that was developed and touristic signposts. In the North, a Via Ferrata was constructed in Zubin Potok and a visit to the Pristina tourism fair organised for a local NGO. For 2017, a familiarisation trip for Serbian tour operators is planned to the Northern tourist area.

Discussion of tourism interventions

In terms of contribution to the PPSE impact targets, the tourism sector comes a clear second to food processing. As per December 2016, the following results are reported in the MRM system:

- 43 FTEs have been generated so far, including 10 jobs from the zip line and Radavci cave (the two OF funded products), and 26 FTEs generated by the international promotion intervention.
- Net reported additional income so far is € 405,000; again some 67% derives from the international promotion intervention, i.e. familiarisation trips.

It is evident that the familiarisation trips have been most successful by far in producing results for the PPSE targets in the tourism sector while others have not, or at least not yet, brought real numbers.

However, tourism in Kosovo is an early and nascent industry; the dynamics are clearly visible and expressed by the step increase of tourists: in the Western region, their number rose by 55% year on year from 2014 to 2015, while reported spending rose by 23% to approximately € 20m in the same period. In 2012, one commercial tour operator was active in the region; today the number has risen to 15. Though still small, the industry clearly has growth potential.

Consequently, even if current numbers are less impressive, the sector has good scope for a project to make systemic impact in the medium term. The sector is also less crowded with fewer external players.

An interesting development at the moment (both in the West as well as in the North) is the ongoing shift of many former NGO enthusiasts towards starting their own commercial businesses. This can be taken as an indication of crowding-in in this growing sector and is as such a positive indication that the project was able to kick-start a process that slowly starts to run on its own.

In order to upscale impact in the tourism sector, a more in-depth understanding is required of the dynamics and specifics of different market segments. One way to do this is through the DMO tool of measuring strategic visitor flows; however, so far it is not fully operational. Regional weekenders from Albania and Macedonia, European naturalists and climbers, orthodox pilgrims, visitors from the diaspora and Kosovo itself; each clientele has its distinct wants and needs. These different segments can only be attracted and satisfied by tailor-made strategies.

Riinvest has conducted the Western Kosovo Tourism Exit Survey 2015, which contains a wide range of data on the different segments; however, it remains short on analysis and in particular lacks concrete ideas and recommendations that could be translated into tailor-made interventions for the different segments. In other words, a more proactive searching for the next good idea is recommended in these studies.

This search should be based on a preceding strategic discussion to decide where the project should focus in future: on the overall Kosovo tourism market, on selected destinations within the country or on both? If it is specific regions, is there sufficient scale in other areas to make the Western Kosovo intervention replicable?

So far, preliminary ideas mentioned by the team are the Sharri mountain area, or Pristina as urban destination. Other intervention ideas focus on countrywide promotion efforts (including ICT-based services and products), as well as the souvenir sub-sector as potential new market.

1.4 Opportunity Fund

The Opportunity Fund (OF) was conceived as additional instrument to test new, innovative or even risky ideas that offer an opportunity for a market shift or significant growth of private enterprises leading to job creation. The OF is closely linked to other interventions and is to function as integral and coherent instrument and not as separate activity.

The total OF budget, as per ProDoc is CHF 1,394,000, of which CHF 700,000 were allocated for direct co-funding of projects. The OF operates according to a manual, based on the experience of similar funds in other SDC projects.

Status of progress at the end of 2016

The OF has so far received a total of 165 expressions of interest (EoI), of which 49 were brought to the stage of concept note. Of these, 12 projects have been approved; six are already completed and six still under implementation. Sector-wise, five tourism projects and seven in food processing have been approved.

Total value of the 12 projects approved so far is € 2.1m with an average OF contribution of 30%. So far € 640,000 have been spent or committed; this means that the originally available budget is almost used up. The team actually stated to have received viable concept notes for twice the amount of the OF budget.

Eight projects are still in the pipeline for a planned start in 2017. They will be considered according to the available overall balance under administered project funds (part 4 of the

SDC budget). The project has an agreement with SDC that the OF may overspend if part 4 budget is available and good projects are identified that can be implemented during the current phase.

Discussion of the OF

Feedback received from beneficiaries as well as other donors and the team indicates that the OF is a successful instrument. However, as the first OF projects have only been completed in 2016 and many are still under implementation, it is early to report on the number of FTEs created. So far, four completed projects have produced a total of 53 jobs (processing plant in a fruit filling factory, already mentioned red pepper dryer, as well as tourism jobs from zip line and cave). An educated guess by the OF team puts the potential jobs to be created by the 12 projects at around 250 FTEs, once the co-financed equipment will be fully operational.

So far, expressions of interest have been received either through referrals by project staff or by word of mouth; this evidently worked well, as more than sufficient proposals came in. The decision not to go for an open call was deliberate, also from SDC's side, in order to keep the OF out the spotlight and not be drowned by irrelevant applications, as is the case with similar instruments of other projects.

An argument to go, at least partly, for an open call would be the prospect of attracting innovative market players (in the relevant sectors) and more risky ideas than is currently the case. Given that particularly the food processing team have claimed to struggle finding suitable partners, an open call could be tested as a new approach to cast a wider net for potential partners.

In the case of supporting NGO projects through the OF, it was unclear how much due diligence was done on the governance aspect of the invested assets, which may pose a risk that they are used for commercial gain of the partners (who often have their own businesses related to the tourism sector, posing a potential conflict of interest).

For the future, the project team considers, in particular for larger projects, to explore possibilities to partner with banks (to ease access to additional loans), or with municipalities (for eventual grant co-financing).

2 Progress in outcome 2: PSD and SME Governance

Expected outcome and results

The PSD/SME component was designed along two main lines of interventions. The first is directed at improving cooperation among SMEs and their strategic articulation and advocacy skills through supporting business organisations. The second line intends to improve the internal organisation of SMEs by strengthening accountability, transparency and efficiency.

The expected outcome of component 2 is that better organized and empowered SMEs actively influence sector policies and the respective business environment.

Two outcome level indicators are reported in the MRM system: (1) Advocacy initiatives undertaken by BMOs or ad-hoc interest groups; (2) Policy changes and/or commitments from officials to institute changes resulting from the public-private dialogue.

The third indicator, on SMEs perception of change due to advocacy for public-private dialogue, is to be assessed by a survey in 2017.

Discussion of progress in interventions

Presently, the PSD team implements or is involved in the implementation of six interventions. The intervention on Property Management System has been briefly discussed above in the chapter on the tourism sector; the Women in Business Programme is discussed in the WEE chapter. The remaining four PSD interventions are discussed below:

Advocacy initiatives

Several advocacy initiatives have been started by PPSE. Progress in the MRM is reported under the first two outcome indicators in a somewhat mixed manner, as it is difficult to clearly attribute each initiative to one of them. So far, five initiatives are reported (out of a combined total of 10); however, none has been completed yet.

Main initiatives in the tourism sector were (1) the push for application for UNWTO membership, in cooperation with MTI. Coordination meetings were held and a delegation was sent to a UNWTO conference. (2) The initial initiative for a Tourism Law had to be abandoned as GoK withdrew the draft. Instead, a follow-up initiative has been started to facilitate the establishment of a national tourism organisation. So far only initial discussions have been held.

In the food processing sector, the Kosovo Manufacturing Club, an organisation set up and financed by 10 large Kosovo companies, has been put in charge of developing and promoting two laws: (1) Late Payment Law (to solve the problem of the long payment delays by supermarkets to suppliers) and (2) Internal Trade Law (to ease entry of local products in supermarkets). The Late Payment Law has passed the 2nd reading in parliament; the Internal Trade Law is in very early stages. So far, Riinvest has been commissioned to conduct a study on the issue. However, it has to be borne in mind that the balance of power will continue to favour supermarkets, as in reality the dependent suppliers can hardly go to court to force access to supermarket shelves.

In any case, even if these laws will enter into force, the real challenge will be their actual implementation. In Kosovo, more than 100 laws are drafted annually but many are not implemented or enforced; it remains therefore to be seen how the two PPSE laws will do in this respect and what role SDC eventually could play in lobbying to this end.

Firms internal organisation

Interestingly, no outcome indicator has been formulated for this second line of intervention, i.e. the internal governance of SMEs. Only two output level indicators and targets cover this intervention line: (1) 75 SMEs that adhere to sound governance practices; (2) 375 enterprises have access outreach.

Implementation has been sub-contracted to Recura, a reputed local business consultancy. The main intervention consisted of two-day workshops on internal governance and organisation. 50 client enterprises of PPSE (mostly from component 1 or OF) were invited, of which 36 attended. Companies had to pay € 100 (out of a total cost of € 300). The feedback from companies visited by the review team was positive; apparently it has led to changes in their operations and management.

As follow up to the workshops, 10 companies have agreed to a more intensive in-house coaching by the consultants at a cost of € 300 for each of them (out of a total cost of € 600). Five of these coaching programmes have been finalized, five are still pending.

So far, scale has remained limited with only 36 SMEs participating in the workshops and 10 agreeing for more intensive coaching. Next interventions would need to be designed in a way that more scale and systemic impact can be reached.

Inverse Trade Fair

As a first for Kosovo, PPSE prepared an inverse trade fair, as part of the larger agriculture fair organised by KCC and KIESA in 2015. The pilot was considered successful; 31 companies presented their demands for raw and semi-processed materials and five contracts were concluded in B2B meetings.

PPSE has not repeated the inverse trade fair in 2016 but plans to do so in 2017; KCC and KIESA have provisionally committed to take the lead in this effort. The 2017 fair is to be organised as separate venue and be more focused on larger FDI companies to match their demands with the offers of local producers. Also, a separate inverse fair is planned for the tourism sector for linking hotels and restaurants with local products and services.

Nucleus Approach

The Nucleus approach has been developed by GIZ in the late 1990's in countries like Sri Lanka. The German partner PEM Consult has extensive experience with the approach, among others in Albania. It basically aims at joining SME entrepreneurs in a given (sub-) sector in order to increase their competitiveness, productivity, efficiency and turnover, as well as improving relationships between them.

Four Nucleus groups have been initiated by PPSE: (1) Women small-scale processors in Vushtrri; (2) B&B accommodation in Rugova; (3) Tour operators throughout the country; (4) Private child-care facilities in Pristina.

However, none of the groups has really taken off. While the initial activities had been cost-free, the enthusiasm of participants tapered off when cost-sharing elements were introduced. The project and SDC have come to the conclusion that the Nucleus approach is not suitable in the Kosovo context and the intervention has consequently not been continued in the last months. Evidently, this means that the project and SDC will have to discuss the future of the partnership with PEM Consult.

Overall assessment of PSD progress

From the above it is evident that the advocacy efforts are in an early stage. Some will certainly not become effective during the remaining project phase. However, the tourism sector initiatives (membership in UNWTO and national tourism organisation) have the potential to become game changers for the sector. The challenge for the food processing sector laws, as argued, will be their implementation.

The intervention line on internal organisation and governance of enterprises was successful but had limited scale; systemic impact would require different concepts. The inverse trade fair, finally, seems to have good potential; the planned fair in 2017 will show whether the instrument can be brought to scale and institutionalised in the years to come.

Future ideas being discussed in the project include interventions related to the quality regime for export in the food processing sector (GMP, HACCP, certification, etc.), contract financing with involvement of banks, and eventually paid service provision by BMOs.

3 Progress in outcome 3: WEE

Expected outcome and results

The WEE component has been planned as two-fold strategy by addressing (i) access to resources, and (ii) power and agency. WEE was made a separate component of PPSE, as it was argued that only mainstreaming gender in Outcome 1 and 2 would not lead to more equal (and extra) income and employment for women in the long run.

The ProDoc identified two main barriers for women to be able to earn more income and get employment: (i) property and inheritance rights, and (ii) obligations for care and household related tasks. In addition, efforts were to be made to change the perception of women's economic role through campaigns.

The expected outcome of component 3 is that barriers for women to access gainful employment are reduced and their decision making power has increased in the sectors in which PPSE operates.

Four outcome indicators were formulated. Unfortunately, they are rather difficult to comprehend and even more difficult to measure, as can be shown with the example of indicator (2): "benefit outreach in % of increase of women saving time from reproductive tasks and in this way increasing their economic role / accessing gainful employment." So far, the WEE component has reported some limited results on output level only, and SDC has agreed not to measure the outcome level indicators for the reasons given above.

Discussion of progress in interventions

Gender in value chain training (2015) and women matter training (2016)

A total of 40 consultants and activists could participate in the two trainings organised in 2015 and 2016. The objectives were to develop a pool of gender sensitive value chain experts able to apply a gender lens in their consultancy services, which they provide to different businesses and projects. Total cost, as per MRM, of the two trainings was € 45,000; so far no impact assessment is available on this intervention.

Role models

The role model intervention supported five TV shows on RTV21 and financed a documentary. In addition, a social media campaign was showcasing 21 women role models along with the promotion of the hash tag #youcantoo. This campaign was taken up by USAID projects and is said to have 6,000 followers, which is not an outstanding but a respectable number in the Kosovo context.

Women in Business Programme (jointly with PSD component)

PPSE engaged a consulting company to implement a woman-to-woman mentorship programme. 10 experienced women mentors have been matched with 19 mentees, mostly young upwardly moving women working in retail, tourism, textile, food-processing and construction companies. The aim of the programme is to improve the mentees performance as well as to change the perception of their CEOs relating to women and their capabilities. The intervention was co-financed, PPSE contributed € 6,000 while WB/IFC contributed € 30,000. Obviously, the cost per mentee is rather high.

Face-to-face campaign on property rights

This intervention was subcontracted to the Kosovo Women Network (KWN). Its aim was to raise awareness among community members for property registration for women or joint registration. It was to inform women how to claim their rights and offer technical assistance to enable them to register their property.

According to KWN, activists from its network members have paid more than 6000 house visits, foremost in rural areas. As a result, 36 cases have been concluded so far and some 100 cases are still in registration process. Should all pending cases be successfully completed, the current effort will therefore at best be able to claim a success rate of less than 2.3% (136 completed registrations out of 6000 efforts).

Given this situation, it can be questioned whether the intervention was really demand or not rather supply driven (and also whether such an intervention is really a topic to be integrated in a MSD project).

Financial product with embedded service on property rights

PPSE has partnered with the TEB Bank to provide female-owned start-up businesses with information on property rights as embedded service. The take up was limited and the initiative has not been continued. Reasons cited were a lack of incentives for banks to provide the embedded service on property rights, as well as an apparently general reluctance of women start-ups to take loans. No follow-up interventions have been discussed so far.

Women business directory

A PR company has been mandated to support the development of a publicly accessible online women business directory and platform, called WomenInBusiness.org. The basic idea is to allow women-headed businesses to share opportunities, information on events, sources for grants, etc. MTI has agreed to provide the platform with relevant information.

The platform is soon to be launched; so far 2000 women-led businesses have registered.

Opportunity Fund call for application on care

WEE launched, under the OF, a so-called "call for application on care". 10 applications were submitted; one is currently being reviewed while the other nine applications did not meet the required standards and criteria.

The only project being considered has been submitted by a NGO in Gjakova for setting up a community care and welfare service. As such it is not linked to other PPSE activities and the proposed PPSE grant share is rather high and would cover almost 80% of the total investment of € 78,000.

Overall assessment of WEE progress

While the review team recognises the importance of WEE, the overall impression of project interventions and activities is of a scattered spread of trying anything that could work. While this approach is not inherently wrong, it should be accompanied with robust tracking and analysis of results – so that interventions can be (re)shaped to produce the desired results. Alternatively, a more focused intervention approach would be advisable. The project seems to have not succeeded in either approach so far.

The project did not really find effective entry points for changing property rights. Both the face-to-face as well as the embedded banking service have not yielded real results. At this stage, it seems therefore urgent that an in-depth analysis is made on the root causes of the apparently widespread resistance (by men, but also by women) to change their property registration. Then either other innovative interventions can be developed with more impact potential or, alternatively, it might well be decided that a single project cannot realistically bring about systemic change to such a deep-rooted tradition and consequently stop these efforts.

Two interventions stand out in terms of high unit costs, the consultants' trainings and the mentorship programme. Obviously, value-for-money considerations were not high on the agenda when they were designed.

The review also sees a general disconnectedness with the sectoral interventions under outcome 1 and the overall project goal; WEE comes across rather as separate project. The limited results do not seem to justify the original decision to have WEE as separate outcome and component in PPSE. It seems also unlikely that WEE will be able to produce tangible results related to its stated objective of ensuring that women get more equal (and extra) income and employment.

In addition, the choice of several interventions seems to have been rather supply driven and a lack of root cause analyses is diagnosed that ideally would lead to new ideas with actual impact and systemic change potential.

PPSE is aware of these current shortcomings and has started to develop alternative ideas and approaches. These include focusing on fewer, but thoroughly understood issues that are tightly linked to sector interventions. Within the sectors, sub-sectors should be identified with more participation and potential for job creation and empowerment of women. Examples may be confectionery and bakery or souvenirs.

4 Organisation, management and finance

Organisation

PPSE is implemented by a consortium in which the three partners perform different roles and tasks. As lead agency, Swisscontact is directly responsible to SDC for all aspects of project implementation and the employer of the project team. Riinvest has been tasked to foremost conduct studies and sector analyses for which a separate budget was allocated. PEM Consult, finally, leads the efforts in promoting the Nucleus approach (under Component 2).

A certain imbalance of the contributions between the members of the consortium is therefore evident with Swisscontact as main actor while the other two partners de facto rather perform sub-contracting functions. This vertical separation of roles may to have done the project a disservice, as the leaders of the relevant partner institutions seem rather distant from the project, and only superficially aware of its overall results and challenges. In addition, it can be argued that a MSD project like PPSE must have partners with a strong private sector and business rather than research and development orientation.

SDC heads the project Steering Committee. Main members are the Ministry of Trade and Industry, Kosovo Manufacturing Club, Kosovo Policy Action Network and Kosovo Women Network. The Steering Committee approves progress reports and yearly plans of operation and has met five times so far. However, concerns were voiced by the project management and also stated in the last progress report (1st half of 2016) about low participation of members and the need to review the Steering Committee's membership. Steps have been initiated to review the committee's membership.

PPSE's internal advisory body, the Strategic Review Panel, consists of headquarter representatives from Swisscontact, Riinvest and PEM. It is to provide strategic steering advice and discuss progress in project implementation. Given what was discussed in the preceding chapters, it is evident that the project management and team could have profited from more intense strategic advice and conceptual challenging from this body. Outside support was directed foremost to the MRM system (see below).

Management

At present, PPSE has a total permanent staff of 17. The project is headed by the Manager and Deputy Manager; they are supported by the Monitoring and Results Measurement (MRM) team, as well as the Finance and Admin Unit. The project implements its interventions through sector facilitation teams (or single persons): Tourism (2 persons), Food Processing (2), PSD (1), WEE (1), and Minorities (1). 1 staff is responsible for the Opportunity Fund and 1 for Communication. Staff turnover was noticeable over the three years since start of the inception phase, with several staff leaving for other projects.

The review team is of the opinion that team leadership and management leaves room for improvement. This relates in particular to the core leadership function within any MSD project: continuously push for innovative thinking and promote internal challenging within the team. The impression gained was that staff is presently mostly implementing interventions that were pre-defined in the inception phase, often also in isolation from others. In addition, the team could certainly benefit from more staff with real business (instead of development industry) background.

Finances

The key financial figures for PPSE are as follows (rounded figures in Swiss Francs):

Overall PPSE budget (CHF)	7'130'000
Inception Phase	1'333'000
Total Main Phase	**5'797'000**
Outcome 1	3'305'000
Opportunity Fund	1'394'000
Outcome 2	523'000
Outcome 3	575'000
SDC budget components	
Parts 1 to 3 (overheads/experts)	3'081'000
Part 4 (administered project funds)	2'716'000

For its three-year Main Phase, the project has at its disposition an annual budget of almost CHF 2m. Over 80% of the budget has been allocated to Component 1 and the Opportunity Fund (OF); the OF results are also jointly reported with Outcome 1 results.

Final expenditure figures, as per end of 2016, were not available yet; they will be provided as part of the annual progress report for 2016, which is due in March 2017. However, preliminary figures show that the project is more or less on track with spending as per schedule.

The budget shares of headquarter services, experts and local support (budget heads 1 to 3 in the SDC standard format) sums up to 53% of the total. It is customary for projects working with the MSD approach to have sufficient budget for human expertise as their most important asset.

However, this comes with the clear expectation that a MSD project must have an excellent team of internal and external experts with sound analytical skills, capable of innovative strategic thinking to allow flexible reactions to evolving opportunities as well as to successfully address identified bottlenecks. In short, the substantial human resources' budget is justified with the specific challenges of the MSD approach; however this warrants a particularly qualified and motivated team to go the extra mile. With some exceptions, this was not always evident from the project team members.

5 Monitoring and results measurement

The MRM system is a core element of any MSD project. PPSE follows the well-established Donor Committee for Enterprise Development (DCED) Standard for Measuring Results in Private Sector Development. The main benefits to be derived from applying the Standard are commonly summarised under the 'prove' function (for accountability and validity of reported results to donors) and the 'improve' function (for proactive and adaptive project management). Operating a MRM system that conforms to the DCED Standard is resource intensive, which is justified by the assumption that reported results are indeed credible and that the system is the main strategic tool for project management.

The MRM unit of PPSE is staffed by 2 full time experts (of which 1 expatriate) and operates according to a separate manual. The MRM cost compilation shows that around 10% of the PPSE budget is directly spent on operating the MRM system, a range with is acceptable (but, as said above, under the condition that both prove and improve functions are fully performing).

External experts conducted a mock audit of the system in early 2016. They suggested several essential improvements related to the intervention results chains (better logical steps and qualitative indicators) and their aggregation (of achieved and projected data) to log frame indicators across the sectors, as well as improving documentation to capture market information and qualitative indicators. The MRM team has subsequently developed an action plan for implementing these changes; most elements have since been completed.

A second expert mission assisted the MRM team in developing a sound methodology for calculating attributable impact for tourism interventions, in particular to estimate the number of FTEs generated based on tourists' spending.

Despite these improvements, the review team still sees potential for further improvement of the system. Some (minor) inconsistencies were found when digging deeper in the main pivot table (which impacts on the prove function) and leveraging the data could be stronger to gain insights for action (the improve function). The team's own assessment of the MRM's role in strategic decision-making varies by sector: it is seen as low in WEE, mid in Food Processing and high in Tourism.

A final remark on the MRM system relates to an observed discrepancy between the elaborate and state-of-the-art intervention result chains and measurement plans, etc., on the one hand, and the impression gained of rather routine implementation when observing and discussing actual field operations under the different interventions. This fact is particularly concerning given the relatively high cost of the MRM component in the overall project budget.

The point to be made is that intervention result chains are certainly important but nevertheless only preparatory work; actual results are produced on the ground in constant interaction with partners and clients.

6 Overall conclusions

Related to achievements in the three components

The relevance of what PPSE has set out to achieve is assessed as high. It is on a good path to achieve its core impact in terms of numbers of jobs and additional income created. The targets set were certainly not overambitious; however they can be justified for a start-up phase, when the project had to establish itself first as player in the sectors it is active. Also, the limited scale and maturity of the Kosovo economy has to be taken into consideration when setting targets.

A brief analysis by the review team of the relevant national policies and strategies showed that economic growth and employment promotion are cited as top priorities (alongside several other priorities outside the scope of PPSE project, e.g. rule of law, education, etc.). The government sees the private sector as the engine for delivering growth and employment, while agriculture is cited as one of its sectoral priorities – all of which are focus areas for PPSE.

The second, and perhaps more important, way to assess alignment is through the engagement of relevant Kosovar institutions in implementing PPSE-led initiatives that benefit the local economy. At this level high alignment and cooperation is visible between the project and local governments, especially in the tourism industry.

The food processing sector has delivered most of the numbers. Some promising innovations have been introduced; however, it is too early to tell if copying and scale will be reached. The team reported to have had some difficulties to find the right partners also because other projects and government subsidies somewhat distort the sector, which makes it challenging to work with the MSD approach. However, there were also occasions where the team demonstrated insufficient knowledge of the sector and some of its players, so it remains unclear if all promising options for partnerships have been exhausted. In any case, the review is of the opinion that this sector requires more proactive thinking and initiative for future interventions.

In the tourism sector, early but credible change is visible. The sector seems to have a good growth potential and few other actors are supporting it. Consequently, the prospect of achieving systemic change is higher, especially when focusing on the growing diversification into different market segments. However, given its stage of development, one should be prepared to accept lower numbers in terms of employment and income generated for the foreseeable future.

The Opportunity Fund has been well received and demand exceeds the financial means at its disposition. The main challenge is access to innovative concepts with good scale potential.

The PSD/SME interventions show promise in better organising the tourism sector; changing the legal situation in food processing will be challenging. Fairs (for tourism and food processing) also show promise. Improving governance in SMEs will need new concepts in order to reach scale.

WEE results so far are thin and only loosely related to the overall project goal. The original justification to have WEE as separate outcome seems questionable.

Finally, interventions targeted at minorities have thus far focused on the Serb community, and show promise. Existing and tested interventions could more or less be copied, and no special approach was required for this target group.

Related to applying the MSD approach

PPSE has shown that it can apply the MSD approach successfully, but the preceding chapters have also shown that there is sufficient space for more pro-activeness, flexibility, risk taking and opportunities' grabbing.

One of the core strengths of the MSD approach is the sequencing of interventions, where ideas are first tested, then up-scaled if they work, or discarded for new ideas if they have not worked. This learning cycle from intervention-to-intervention is still insufficiently rooted in the project.

The quality of studies undertaken so far leaves room for improvement. This relates in particular to the need of the project demanding to receive more than just data. Data is not the same as information; the former have to be scrutinised, analysed and discussed in order to become the latter that only can be used for strategic thinking and generation of intervention ideas. A closer involvement of the project team with the study experts may also result in studies that are more substantive and implementable by the project team.

Related to organisation and management

The review has stated a certain imbalance of the contributions by the consortium members throughout the lifecycle of the project, with Swisscontact clearly in the lead during the implementation.

The other partners seem to focus on a narrow scope of their immediate project deliverables (research and some advocacy for Riinvest, and Nucleus for PEM), and seem somewhat distant from the overall progress, challenges and opportunities of the project.

The project would also benefit from a stronger private sector and business orientation, with greater experience of firm-level challenges and opportunities.

Relationships with core sector players, in particular also the USAID and GIZ projects, are credible and professional; untapped potential seems to exist with the EYE project. Relationships are equally good with business organisations and relevant government bodies.

The team could profit from more strategic and conceptual external support, for instance from the strategic review panel and in particular from HQ. Finally, the 'improve' function of the MRM system should be more pronounced, as otherwise the substantial investment in the system does not seem to be justified.

7 Main recommendations for phase 2

Overall strategic direction

The core issue that needs to be clarified for a second phase – especially also within SDC – relates to the hierarchy of objectives. More specifically, a clear decision needs to be taken whether the creation of private sector employment and income is indeed the paramount aim, while PSD governance, women economic empowerment and social inclusion are declared as secondary objectives.

Given that the project carries in its name the promotion of private sector employment and given that it is labelled as MSD project, the review is of the opinion that this overall hierarchy of objectives should guide the design of a future phase 2. This by no means does exclude special efforts for participation of women and the poorest in the markets where the project will be active.

Targets and interventions

In general, it is recommended that more ambitious targets are set for a future second phase, as the project by then should know its ropes and be ready to go for more scale and impact. The core indicators should be, as fitting for a MSD project, straightforward and preferably consist of (i) the amount of net additional annual income, and (ii) the number of jobs created. Both indicators should be given relative share targets for women and, if additional funds are made available, for RAE communities.

The review is at this stage not in a position to recommend concrete phase 2 target figures for these two indicators. They will depend on the budget envelope of the new phase and should be decided in mutual consultations, taking the targets of similar SDC projects in the region and comparable projects in Kosovo as starting points.

In any case, the project and SDC should be clear and accepting of the fact that interventions in sectors with different maturity levels will bring different results (e.g. more mature sectors bring more jobs but slower systemic change, while nascent sectors provide more scope for systemic change but fewer jobs in the medium term). Both are valuable for the development of the private sector in Kosovo, and the right balance between the two should be sought and agreed between the project and SDC.

Further, it is important to understand that an intervention is not necessarily implemented throughout a phase, but very often has a shorter duration. MSD interventions should be first tested, then up-scaled if they work, or discarded for new ideas if they have not worked. This basic and flexible learning cycle from intervention-to-intervention must be solidly rooted in the project in phase 2.

Finally, specific interventions must be based on sound sector strategies. To this end, the existing strategies require updating and expanding by taking in the experiences made and additional knowledge gained in the current phase.

Sectors and components

It is recommended that, at least initially, the project should remain with the current two sectors, i.e. food processing and tourism.

It is argued that the team increasingly understands the dynamics of these two sectors. It has established an initial network of relationships and starts to be known among core sector players; an important asset for creating interest in proposed interventions. Finally, there is no doubt that needs are big enough in both sectors to justify further support; however the aim has to be to go deeper and wider in future.

Food processing

The core challenge in food processing is to either expand or replace the aggregation intervention, as this has delivered most of the numbers in the current phase. The project has started to develop ideas for entering into new sub-sectors like confectionery, bakery, nuts, or dairy. Also being discussed are topics like packaging, traceability and certification for NWFP to boost exports.

Finally, a thorough root cause analysis should be done on what stymied progress in promotion of domestic products in local and exports markets, which should provide a clear direction for next steps. The lessons learnt and new ideas will need further elaboration and assessment of potentials, as part of the preparations for phase 2 (see below).

Tourism

The present portfolio in tourism is quite diverse with some promising interventions that have not matured yet. The future direction in this sector should be based on a preceding strategic discussion to decide where the project should focus: is it on the overall Kosovo tourism market, on selected destinations within the country or on both? If it is specific regions, is there sufficient scale in other areas to make the Western Kosovo intervention replicable?

So far, preliminary ideas mentioned by the team are the Sharri mountain area, or Pristina as urban destination. Other intervention ideas focus on countrywide promotion efforts (including ICT-based services and products), as well as the souvenir sub-sector as potential new market.

Again, these initial ideas will need further elaboration and assessment of potentials, as part of updating the tourism sector strategy for phase 2. The instrument of measuring and analysing strategic visitor flows and analysis, together with tourism statistics from the Kosovo Border Agency, should lead to tailor-made strategies to serve as basis for second-generation tourism interventions.

The project will soon need to take a decision on its position towards future support to the DMO, as this is its core element of its concept for the western area. As stated, this will also depend on the outcome of the next local elections. However, given the potential for the DMO to become a systemic player in the tourism sector and the fact that it is still a fledgling institution in this dynamic sector, further support and strategic guidance will be required to ensure the financial sustainability of the DMO.

WEE and PSD

As has become evident in the respective chapters, it is recommended to have WEE and PSD/SME not anymore as separate components but instead integrate these objectives in interventions within the core sectors through targeted activities. The PSD team is discussing issues like quality regime for export in the food processing sector (GMP, HACCP, certification, etc.) and contract financing with involvement of banks.

For WEE, alternative ideas and approaches include focusing on fewer, but thoroughly understood issues that are tightly linked to sector interventions and on sub-sectors with more participation and potential for job creation and empowerment of women. An additional shift could be towards processing where more women are involved than in primary production, as well as to quality assurance and marketing and promotion. Related to this is the argument that the creation of low quality jobs should not be discarded; especially in rural areas there is a lack of alternatives and a demand by women for such jobs.

Cross-sector(s)

The project is advised to consider whether one (or two) so-called cross-sectors could be introduced, in addition to the two core sectors. The term cross-sector is used in MSD to describe action lines that go beyond single sectors and therefore have potential to generate impact also for other sectors if a specific bottleneck can be addressed or potential tapped.

Potential cross-sectors that have emerged during the mission could be SME governance and management, packaging, organisation of fairs, or certification/quality regime.

Opportunity Fund

As the available budget for this phase has been oversubscribed, the OF could be augmented, depending on the overall phase budget. It is proposed to go, at least partly, for an open call in order to attract innovative market players (in the relevant sectors) and more risky ideas.

The due diligence aspect related to governance and asset ownership must be improved, in particular if project partners are NGOs, where members also have commercial interests.

For the future, and in particular for larger OF projects, it should be explored whether to partner with banks (to ease access to additional loans), or with municipalities (for eventual grant co-financing).

Minorities/Social inclusion

Related to social inclusion, it is important to note that, so far, the term minority mainly was used in the project for Serbs. This group has not required a special approach, as existing interventions could be more or less copied in the North. Due to the emphasis on RAE, etc., communities, envisaged for future projects by SDC, new ways for collaboration will have to be developed, and expectations should be adjusted accordingly (also the internal semantics in the project will have to be adjusted).

A promising solution for ensuring social inclusion may be to establish a separate Social Inclusion Fund for targeted or complementary activities (as is the case in the new phase of the EYE project). This would allow including subsidised elements in specific interventions during the start-up phase to ensure inclusion of minorities. In addition, value chains or sub-sectors and regions can be selected where the RAE community plays an important role.

Organization and management

Given the above analysis, it seems advisable to reassess the composition of the consortium for a second phase. SDC should be open to a new composition of consortium members, who complements Swisscontact strengths in a more relevant and effective way. If an additional consortium member can be brought on board it should have a strong business orientation.

Market and sector research should only be outsourced to the extent necessary; the essential in-depth knowledge and understanding of markets needs direct involvement of the team. Equally, it is advised that the team is more directly involved in the implementation of interventions instead of their full outsourcing to third parties. Only this way can the team gain an in-depth understanding of the core issues in the different markets and sectors and the necessary knowledge to either adjust interventions or design new follow-up ones.

Swisscontact headquarters and the strategic review panel must have a stronger role in providing strategic and conceptual support to the project management and team. Internally, the leadership should demonstrate and demand more ambition and proactiveness from the team, promote teamwork and create a more challenging atmosphere; preferably future staff should be employed with strong business background.

It is further recommended to apply a matrix-type of team organisation with crosscutting intervention teams (why not in one common instead of two offices?), as well as to better leverage the MRM system for its 'improve' function for project steering and management. If the latter approach is implemented, the decision-making structure should be clearly defined and aligned with the hierarchy of objectives, to prevent bottlenecks in project implementation.

Planning process steps for phase 2

The remaining part of phase 1 should be put to good use for preparing phase 2. The project has already made a start with internal reflections and developing first ideas for future fields of interventions. However, these ideas now need to be systematised and deepened, as part of the required updating process of the initial sector concepts and strategies.

It is further proposed that PPSE and SDC plan, in the near future, for a comprehensive strategic planning workshop. The objective of the workshop would be to decide and agree on the strategic cornerstones and develop preliminary concepts and contents for phase 2.

Based on the results of the workshop, the project is then to analyse and test new ideas during the remaining part of phase 1. The results of these analyses and tests are to flow into the Project Document for Phase 2.

Annex 1: Summary tables on components and interventions

Please note: A = active; C = completed/closed

Food processing

<table>
<tr><th>No</th><th>Name of Intervention</th><th>PPSE Status</th><th>Key activities</th><th>Key results</th></tr>
<tr><td>1</td><td rowspan="2">Introduction of industrial varieties & Promotion of aggregation Services (2014)</td><td>C</td><td rowspan="4">Introduced (for the first time) 6 new hybrid vegetable varieties
YoY the number of farmers participating has more than doubled, but overall coverage remains limited (max 25% working with CCs)
2 out of 11 (exact number unclear) Collection Centers part of the project. Many other projects/donors working with these CCs.
11 out of 17 main Food Processors part of the project, more than doubled % of KS raw material in pepper and tomato.
No indication of copying or crowding-in.
Project has no convincing up-scaling strategy, or fresh follow-up intervention ideas.</td><td rowspan="4">Cost with salaries 697K

483 FTE
192 women FTE (40%)

762,000 income

No data available on productivity indicators (net additional volume) in MRM</td></tr>
<tr><td>2</td><td>C</td></tr>
<tr><td>3</td><td rowspan="2">Promotion of aggregation Services/ Scale-up 1& 2 (2015&16)</td><td>C</td></tr>
<tr><td>7</td><td>A</td></tr>
<tr><td>4</td><td>Introduction of export channels for the small scale processors (2015)</td><td>C</td><td>First two initiatives failed. Unclear root cause (Women Associations and/or companies Rizona/Jaegge).
No thorough and comprehensive analysis and no clear follow up action.
No concrete plans for alternative interventions.
Will objective be dropped?</td><td>No results reported</td></tr>
<tr><td>5</td><td>Export promotion through international trade fairs (2015-2016)</td><td>A</td><td>Trade fairs help in creating new contracts, especially when complemented with B2B meetings.
Could PPSE create a cross-sector intervention related to international fairs in 2018+ period?</td><td>No results reported</td></tr>
<tr><td>6</td><td>Placement of domestic products in local retail chains (2015)</td><td>C</td><td>3/6 of contacted supermarkets participated
No take up from private sector, unclear way forward.</td><td>No results reported</td></tr>
<tr><td>8</td><td>Commercializing Cultivation of Medicinal Aromatic Plants (2016)</td><td>A</td><td>135 farmers target (85 actual)
One well-established CC (ex HPK client), a second one in the north to be seen.
Unclear whether future interventions are planned the sector</td><td>102 FTE (50 women, 50%)
66K income</td></tr>
</table>

Tourism

No	Name of Intervention	PPSE Status	Key activities	Key results
1	Functionalization of the Destination Management Organization	A	• Current membership 33/100 businesses (paying €50/pa fee) + 20 (no fee) NGOs • Largely financed by Municipalities; PPSE pays €10k pa operational costs. • Need for focus on core services that can be monetized. • Short-term future depends on political developments • Unclear if replicable in other destinations	No results reported in MRM
2	Tourism Enterprises Marketing Services	C	• 55 registered in booking.com/airbnb/tripadvisor • PR solutions – web presence, beinkosovo. • Lobby boy – 17/35 are implementing the inventory management trial • Orgis – 15 tourism stands in hotels • Intervention by PPSE finished, although tracking progress by DMO and beinkosovo. • Potential idea of using ICT enthusiasts for tourism promotion.	2 FTE 24K income
3	Local Promotion/ Product Development	A	• 9 products developed successfully • Strategic Visitor Flow (St Gallen method), handed over to DMO. • Next interventions envisaged to focus on promotion (Outdoor competition and media invite. Tour operators in PR airport). Later potentially go into souvenir market.	2 FTE 34K income
4	International Promotion/Regional Markets	A	• FAM and Fair participations, B2B linkages. • Activities implemented with partners (KIESA, USAID) • Interventions under this category proved to be very successful	30 FTE 327K income
5	Tourism Statistics	C	• MoU between Border Agency and ASK, via PPSE intervention • Collection should have started in Nov 16, first presentation planned for Feb 17. • Unclear if it is being implemented as scoped. If not, risk that we get wrong figures, maybe worse than no figures. • Once the basic data collection is live, important to follow up with insights/ actions in different market segments.	40% growth in tourists and 21% in income YOY in Peja region

PSD/SME

No	Name of Intervention	PPSE Status	Key activities	Key results
1	Firms' Internal Organization	A	• 2 workshops x 2 days = 36 participating enterprises (30% co-financing) • In-house Coaching = 5 done + 5 pending (50% co-financing) • Most companies involved in project/OF participated in workshops . Positive feedback. • No scale yet, limited participation numbers	
2	Property Management System	A	• Lobby Boy trial offer – see tourism	
3	Women in Business Program	A	• WEE intervention (their budget line) • Mentorship program in advanced companies, from various sectors. • Co-financed (€6K from PPSE, €30k from other sources WB/IFC). • 19 mentees, average cost €1.8k.	
4	Inversed Trade Fair	A	• Pilot proved successful • Agreed second intervention in 2017, focusing on FDI companies in KS. • In partnership KCC, who are enthusiastic about this.	No outcome results reported in MRM so far
5	Nucleus Approach	C	• Four groups initiated • Kosovo companies not ready for approach • Dropped by project	
6	Advocacy Initiatives	A	• KMC and D4D as partners • Late payments law – food processing • Internal trade law – relationship w producers and retailers • Tourism law revision was withdrawn by the govt (argument that one already exists) • PPSE plan to explore National Tourism Association • Actual challenge will be implementation of laws, esp. considering balance of power between market actors	

WEE

No	Name of Intervention	PPSE Status	Key activities	Key results
1	Gender in Value chain Training (2015) Women Matter Training (2016)	C	• Total cost €45K for two trainings	Only 20 BO reported in MRM so far
2	Role Models	C	• TV shows on RTV21, PPSE promoted its work through 5 shows and financed a documentary.	
3	Financial Product with Embedded Service	C	• Info provided on property ownership for women seeking loans, via TEB Bank. • No take up, initiative dropped.	
4	Women's Business Directory	A	• Women in Business org – building online platform, launching on 7/2. • 2,000 women/shared-ownership businesses (almost all in directory) • Sharing opportunities/grants/events, promotion.	No data on outcome indicators on MRM Log frame for SMEs, reality = single women
5	Face to Face Campaign on Property Rights	C	• KWN partner • According to partner - 6k outreached, 106 in process, 36 concluded. At best, a 2.5% success rate. • Cost per initiated/completed case €275 • No understanding on root causes of resistance • Risk of overlap with other donor projects (USAID Property right project)	
6	Women in Business (implemented by PSD)	A	• RTC Consulting • Mentorship program in advanced companies, from various sectors. • Co-financed (6K from PPSE, 30k from other sources WB/IFC). • 19 mentees, average cost 1.8k.	
	Other		• PPSE/EMPOWER initiated the Women in Business coordination group, which was then taken over by Riinvest to create Women Economic Forum, which has been accepted as a member of the National Econ Council (although unclear if it is a legal entity yet). WEF is working on advocacy (e.g. Labor law amendments). • Unclear where Childcare research and OF call fit within PPSE concept/ownership	

Annex 2: TOR

Terms of Reference

External review of the project "Promoting Private Sector Employment"- PPSE

The Swiss Cooperation Office Kosovo (SCO-K) is soliciting the services of experienced consultants to conduct an external review of the **"Promoting Private Sector Employment**"**- PPSE** programme financed by SDC. This external review is mandated by SDC as a donor. These terms of reference outline the framework upon which the prospective consultants shall provide their services to SCO-K.

1 Context of the project

The Economy and Employment (ENE) - (2013-2016 & 2017 -2020) domain has a main aim of reducing the youth unemployment in Kosovo through a three-pronged approach: (i) Private sector development that offers more jobs, (ii) young people adequately trained for the jobs offered by the private sector and to start up their own business and (iii) a better performing matching system that increases the chances of jobseekers to find adequate employment. Youth employment is the nucleus of the ENE domain with EYE (Enhancing Youth Employment) aiming at decreasing youth unemployment through improving employability and matching between labour demand and supply. The Promoting Private Sector Employment (PPSE) complements EYE by increasing employment opportunities in the private sector and, as youth have the highest share of employment, it will benefit those most. The IFC-run and SECO-financed project Improving Investment Climate aims at improving the business regulatory framework and improving the investment climate in order to create a better business environment and facilitate more investment by creating incentives on investment. In addition four other SECO regional programs are active, such as; Corporate Governance in ECA region, Tax Simplification and Reform project, SECO Start-up Fund, SECO Remittance Payment Programme and potentially the Debt Resolution Programme (for a short description of these projects see ANNEX 1).

2. PPSE Project Description

2.1 The goal of the program is:

"Increase*d sustainable gainful employment for women and men in Kosovo through SMEs that operate in competitive and well organized economic sectors, where public policies better match private sector needs*".

PPSE has three outcomes:

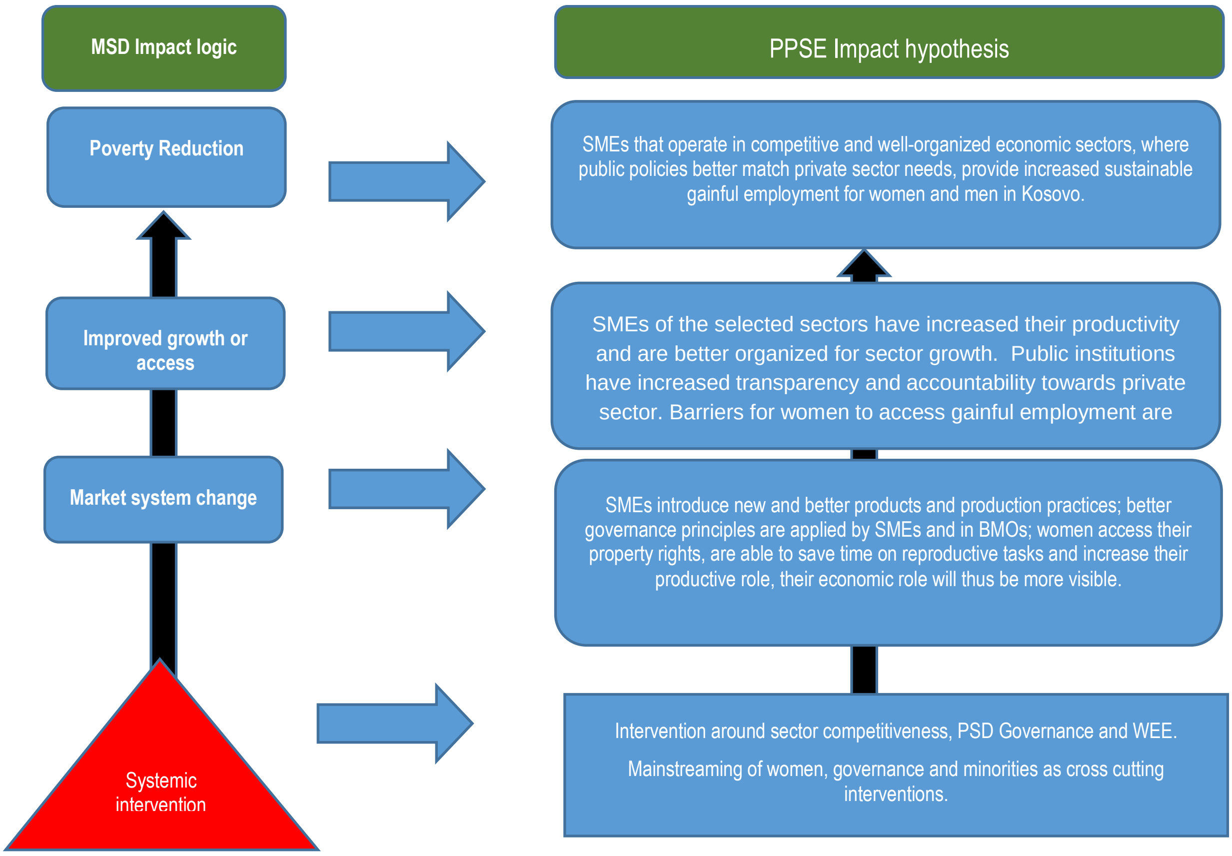
- SMEs of the selected sectors increase their productivity and generate additional income and employment

- Better organized and empowered SMEs actively influence sector policies and the respective business environment

- Barriers for women to access gainful employment are reduced and their decision making power has increased in the sectors in which PPSE operates

The PPSE impact hypothesis is based on the Market System Development-MSD approach, which focuses on achieving shifts in market systems with the objective to generate growth. Both sustainability and scale result from *how* the project plans and implements its interventions.

Following the MSD approach, PPSE will contribute as follows to systemic changes in the market systems:



In PPSE the MSD approach is supposed to trigger behavioural changes in SMEs by introducing new products, services and production processes both at the market level and within businesses. This is to be done through PPSE selected sectors (tourism and food processing). Through increased volumes produced, new innovative products and services of improved quality, more clients will be attracted and new niche markets served, increasing sales and growth. Also new processes will decrease costs and make production and/or service delivery more efficient, leading to growth and to better functioning markets. Services and products will also be placed in the market to achieve improved governance both at the SMEs corporate level and at through BMOs and ad hoc working group representing sectorial common concerns.

The project includes an “Opportunity Fund” of some CHF 700,000 over 3 years that provides matching grants for innovative initiatives pertaining to PPSE’s existing areas of interventions and to other initiatives related to employability and employment. While the latter could be interpreted very broadly, so far most of the grants have been within the project’s remit of improving the performance of the SME sector in Kosovo.

The project's implementation phase started on 16.11.2014 and will be completed by 15.11.2017. It was preceded by an inception phase (by the current consortium of Swisscontact, Riinvest Institute and PEM consult) which lasted one year.

2.2 Project Achievements

Related to Outcome 1: *SMEs of the selected sectors increase their productivity and generate additional income and employment* Results from early signs of impact assessments conducted in the first and second half of 2016 for Food Processing (FP) and Tourism respectively, show that the project has achieved approximately CHF 900,000 in additional income (51% of its income target), in total 550 beneficiaries (74% of its benefit outreach target) and generated additional 500 FTEs (65% of its employment generation target). Both sectors are showing signs of market uptake with more independent initiative by private sector, indicating market changes.

In the second half of 2016, the Opportunity Fund (OF) initiatives have picked up substantially after the initial delay with regard to Hardware investments In total, OF has assessed 151 Expression of Interest (EOI) and 11 agreements have been signed with 2 more in the pipeline. It is expected that 7 of the businesses will be running at optimum capacity by the end of 2016 generating more than 50 FTEs.

The impact hypothesis for the Tourism sector is based on 1) Increase in number of Tourists 2) More spending per Tourist 3) Increase in length of stay of tourists. This hypothesis leads to more income and jobs in tourism related SMEs. The project has designed and is implementing interventions and early signs of impact reassure the hypothesis.

For the Food processing sector, the impact hypothesis is based on 1) increasing import substitution 2) promoting export. It is expected that this will result in increased competitiveness among the processors and market actors. The competition will drive increased volume of raw material/production and will lead to more jobs and employment in the sector. The impact assessment results have confirmed the hypothesis and interventions are implemented that accelerate the growth of the processing sector.

Outcome 2: *Better organised and empowered SMEs actively influence sector policies and the respective business environment in PPSE selected sectors*.

Interventions aiming to improve enterprise internal organization have started with implementation only in 2016. Thus they are at a very early stage of implementation to have a real indication on the performance. The impact of these interventions is planned to be measured by mid-2017. PPSE also aims to improve sector level organization, such as organization of sector SMEs through Nucleus approach and the Inverse Trade Fair. Organisation at the sector level is shown to be challenging, mainly because of weak organization of SMEs within existing Business Membership Organizations-BMO's but also because of the lack of awareness on the importance of engaging in activities of joint interest. In addition, PPSE is facilitating public-private dialogue and advocacy initiatives on relevant tourism and food processing laws and policies, implemented by BMOs or private sector organisations.

In this outcome there is a delay in meeting the project's foreseen targets, main causes for the underperformance is prescribed to the difficulty in selection of the right partners who understand the importance of working with the business model with clear business incentives to implement the intervention. Approaching partners with important market shares in most of the cases has not proved to be effective, since such players do not see much incentive in changing their practices. On the other hand working with partners that can significantly increase their presence in the market has in most cases yielded better results; therefore, a more in-depth analysis of partners' motivation to engage in interventions is crucial for the right selection of partners. As to the methodology of "Nucleus approach" introduced by the project, it did not show promising signs of uptake, thus in the last project's sector review it was agreed that; the project would not push further the creation of new Nucleus groups but would rather monitor the outcome of the ones that have been already established (in the tourism sector), and based on that will take a decision whether to give it an additional effort in promoting the approach or drop it as a whole.

Outcome 3: *Barriers for women to access sustainable gainful employment are reduced and their decision making power has in-creased in the sectors in which PPSE operates*

The Women Economic Empowerment-WEE outcome targets are focusing on reducing barriers in property rights, time spent by women on household care tasks and invisibility of the contribution of women to the economy. As the targets are more qualitative changes in perception and related to cultural and social norms of women's role in economic activity, the impact can be measured only after some time. The targets as foreseen by the project are not met. It is estimated that mid-2017 will be a good moment to have a qualitative assessment to understand the changes in perception and decision making power.

With regard to WEE, the impact hypothesis is still valid, that for women's economic empowerment certain specific barriers need to be addressed, linked to property rights, time use for household and caring tasks and the stereotypes and invisibility of women's contribution to the economy. However, these barriers are deeply imbedded in social norms in society and not easily resolved by adaptations of laws and regulations and introduction of services in the market. The changes needed may take more time than foreseen.

Transversal themes: As mentioned above, in terms of gender, PPSE has a specific outcome for Women's Economic Empowerment focusing more on increasing power and agency, while it also has gender as a transversal team in all its outcomes, more related to increasing access to resources like training, finance and work options. There are some specific gender indicators in the logframe, with regard to beneficiaries, decision-making, etc. There is an overall target that 30% of the new jobs created will be for women.

Besides interventions under outcome 3, specific measures are taken to ensure equal access and benefits for women across all interventions. PPSE has increased women farmers' participation in trainings, extension services etc. from (7 female farmers) 7% in 2015 to (110 female farmers) 20% in 2016. To ensure sustainable inclusion of women in the work place, PPSE has undertaken interventions on good governance with emphasis on equality in retaining and hiring women and training of women in managerial positions. Also the project has tried to make a systemic change by strengthening the service market by capacity building of local consultants in gender and value chain development and the importance of gender equality in companies.

PPSE promoted participation and non-discrimination as core principles of good governance in all interventions in Outcomes 1, 2 and 3 and in the OF through equal opportunities to access to information, finances and services by private sector. Efforts were done to include minorities, especially Serb minorities and take beneficiaries in the North on board, with a minority facilitator, special interventions and ensuring communication outreach to these communities. Turkish minorities are also included in the interventions in the Food Processing Sector. The project found it difficult to include the Roma minorities in a MSD program focusing on growth of businesses rather than start-ups.

PPSE has been designed and planned to have two phases. In the first year of implementation, from half November 2014 to December 2015, the majority of time was used for designing and initiating activities with private and public institutions and taking it to the operational level. Despite the fact that PPSE project had a slow start and the uptake of products and services by beneficiaries is initially low, PPSE team is confident in achieving the overall project targets. Indications related to the first outcome *show* that the project is now well positioned to gradually achieve the majority of the activities as per plan. But the market uptake related to the outcome 2 and 3 is less possible to materialize as foreseen by the project's initial plan. In the second phase the approach used and the design of the programme with the existing three outcomes will need to be reconsidered.

Also in the light of the new Swiss Cooperation Strategy for Kosovo 2017-2020 a stronger emphasis will be given to social inclusion especially in relation to the groups that are considered excluded, such as RAE communities, and as the project did not really manage to include them during the current phase, it will be important to pay special attention in designing strategies that will ensure adequate inclusion, perhaps also through a more targeted approach.

3. Purpose and Objectives of the review

In order to assess the achievements of the current project phase but also support SDC and the consortium Swisscontact, Riinvest Institute and PEM consult in preparing the 2nd phase of the project, the external review is planned for the second half of January 2017. This time frame will allow for adequate planning of the new phase based on the findings and recommendations of the review.

More specifically, the objective of the review is 1) to assess the relevance of the project's approaches in the given development/transition context, including selection of the sectors and target groups (especially in the light of inclusion of the groups that are defined as excluded with the new CS 2017-2020, 2) the appropriateness of the implementation set-up and the appropriateness of the project design (the existing three outcomes) and the related interventions in meeting the projects targets 3) assess the likelihood of significant scale, employment and income generation of the project interventions 4) to provide recommendations on the 3 dimensions mentioned above for the following phase.

The reviewers will address the following guiding questions:

1) **Relevance of the project's approaches in the given development/transition context, including selection of the sectors and target groups?**
    a) To what extent are the PPSE project outcomes in line with the Kosovo national policies and strategies for economic growth and employment promotion, as well as the new Swiss Cooperation Strategy for Kosovo 2017-2020 especially ENE domain goals and outcomes?
    b) How is the PPSE project positioned in the donor landscape in Kosovo, how appropriate are its intervention strategies and approaches given a very dense donor presence in Kosovo in general?

c) Is working in the specific sectors (currently agribusiness and tourism) sufficient in meeting the projects targets as per plan, is being more open and opportunistic to the different sectors better for achieving a higher scale and more results? Is it actually possible within the framework of the program to be more flexible in terms of sectors?

d) Several country assessments done by multilateral organisations[2]identify skills mismatch as one of the factors that hinder economic development and keep the SME sector in Kosovo underperforming. Could PPSE project work more in the area of skills development within its sectors of operation especially in supporting the provision of the non-formal/short-term trainings and specific technical expertise required in PPSE sectors? Of course one must always consider ensuring a good coordination and joint activities with the EYE project.

e) Who are the PPSE project beneficiaries, are the project interventions socially inclusive? Were the specific needs for marginalised groups (non-majority communities- Serbs, RAE communities and women) been addressed and in which way?

f) Has PPSE project managed to include the North of Kosovo in its interventions, what is the existing modus operandi for the North, has the context in the North evolved positively so that it allows for more systemic interventions?

g) How does the project operate within MSD framework, does it take a more pragmatic approach considering more context realities, or does the methodological framework prevail over the context realities?

h) The project has used a nucleus approach for mobilising the privates sector actors along the sectors where it operates, is it working. Is this approach bringing the expected results, shall the project push further for it, or draw lessons and drop it?

i) In general, is the continuous and extensive research and analysis cycle appropriately translated into implementation strategies and action?

2) The appropriateness of the implementation set-up

a) Is the management model (i.e. instruments; economic, human and technical resources; organizational structure; information flows; decision-making in management) adequate for achieving the set objectives?

b) What is the workload distribution in the project; in terms of time spent in measuring results and operating the project interventions, what is the time distribution of the project team between office work and field?

c) To what extent is the existing organizational arrangement (Consortium consisting of international lead agency, one additional international partner and one local partner) been utilized? What is the main value added from this composition and what are the constraints?

d) Who are the main market players that the project is currently working with? How does the project engage with them?

e) Are the existing partnerships based on sound business models that will lead to market uptake and sustaining the model beyond projects support?

f) How is the PPSE project positioned in the ENE portfolio, is there any synergies established with other SDC or SECO projects, and is there a positive dynamics in working with the other programs, for e.g. EYE, could the project do more?

[2] IMF-SBA 2015

3) **Assessment of the likelihood of significant scaling up, employment and income generation of the project interventions**

   a) To which extent has the program contributed to achieving goals as set in the Credit Proposal and Project Document?

   b) What are the main project interventions that have shown potential to scale up and replicate, what shall project carry on, strengthen in the next phase and what shall be redesigned/ reoriented or even dropped?

   c) What are the main systemic changes the project is currently tackling or have achieved already?

   d) Is the current project design with three outcomes (SMEs of the selected sectors increase their productivity and generate additional income and employment ,Women Economic Empowerment and PSD governance) and in addition transversal themes (gender and good governance) appropriately designed? Is having separate outcome on WEE and PSD governance contributing to having more results in these two areas?

   e) Till now the results in terms of job generation have been modest, what were the main shortfalls? Where shall the project focus more in order to further boost employment and income generation? Are there any new/potential entry points that could be explored in the following phase?

   f) What is the role of the Opportunity Fund (OF) in relation to establishing sustainable partnerships, how far has the OF contributed in achieving systemic change and the existing results in terms of employment? Would the project be in the position to support the same pilots without having the OF? What about in the future do we need an OF and why?

4) **What are the recommendations with regard to findings under main questions 1-3?**

Based on the review of the project and findings, the consultants shall present **recommendations for the future and next phase of the project**.

Annex 3: Mission programme

Day	2017	Activity
Mon	9.1.	14:00 Arrival TAR 15:00 Evaluation team meeting
Tue	10.1.	09:00 Briefing from SCO-K team 11:30 PPSE team
Wed	11.1.	Pristina-based priority actors 08:30 Gearsup Solutions (Tourism) (Confirmed) 09:45 MTI Tourism Department (Confirmed) (MTI) 11:00 KIESA (Confirmed) (MTI-KIESA) 13:30 Kosovo Chamber of Commerce (PSD Governance) (TBD) (KCC) 15:00 Kosovo Manufacturing Club (PSD Governance) (Confirmed) (KMC) 16:30 Recura (PSD Governance) (Confirmed) (RECURA)
Thu	12.1.	09:00 Agrocelina Collection Centre (Xerxe) + Abi Progress + Ananas Impex + Farmers (Joint meeting) (Confirmed) 13:00 Rizona (TBD) 14:30 Extra Fruit Filling Prizren (Confirmed) 16:00 Trip to Peja (Hotel Dukagjini)
Fri	13.1.	09:00 Municipality of Peja (Mayor + Tourism officer) (Confirmed) 11:00 - 13:00 Hotel Magra Boge (Confirmed) 14:00 NGO Marimangat (Confirmed) - DMO Office 15:00 Aragonit (Tourism) - DMO Office 16:00 DMO Peja (Tourism) (Confirmed) - DMO Office
Sat	14.1.	09:30 Meeting Nucleus Group Inbound Tour Operators + Business Counsellors 11:30 Istog - Meeting Agroprodukt + Farmers (Confirmed) 15:00 Travel to Prishtina 17:00 Gracanica Tourism Association - Meeting in Hotel Gracanica (Confirmed) 19:00 Dinner Hotel Gracanica (Meeting with Andreas Wormser)
Sun	15.1.	Pristina: mission stock taking
Mon	16.1.	09:00 Collection Center Aktiva (Vushtrri), Agrofarma Input Dealer, Farmers 11:00 ViPrint (Mitrovica) (Confirmed) 13:00 Outdoor In - Zubin Potok (Tourism) (TBD) 15:00 Buckwheat Trboljevac - Leposavic and Peppermint - Leposavic 17:00 Travel to Prishtina
Tue	17.1.	09:00 PPSE team 16:00 Riinvest (Confirmed)
Wed	18.1.	08:00 - Skype Meeting with Marita Munks (PEM) (Confirmed) 09:00 - 10:30 Meeting Donor/Project Representatives (GIZ Kosira Project, USAID

		Empower Project, USAID Agro Project) - PPSE Office (Confirmed) 11:00 Meeting EYE Helvetas (TBD) 13:00 Meeting with Tour Operator - VAS Tour (Confirmed) 14:15 Red Mill Communications (WEE) (Confirmed) 15:30 Meeting Kosovo Women Network (KWN) and other Women Associations (G7, Women Economic Forum, SHEERA)
Thu	19.1.	Evaluation team preparations for debriefing
Fri	20.1.	09:00 Debriefing at SCO-K 13:00 Departure TAR to airport