

# Capitalization *of* Experiences

Income generation and employment of  
youth groups through non-formal trainings



*Phase I (2013-2015)  
of S4RE project*

*Kosovo, June 2016*

## Executive summary

The Skills for Rural Employment project (S4RE) seeks to reduce poverty in rural Kosovo through targeted non-formal trainings, using local resources and services, in order to increase employability and strengthen the local economy. The project developed a set of interventions around skills development and local economic develop (LED) targeting three distinct groups: rural youth (with specific attention to needs of women and minorities), local businesses and rural supply chain actors (primarily family farms).

In this brochure we present the project's key experiences, results and lessons learned during phase I (2013-2015). We hope that our findings help public agencies, private actors and other development practitioners, to develop effective, low-cost and locally based solutions for reducing rural unemployment in low and middle-income countries.

During phase I S4RE developed, piloted and expanded non-formal training programmes for youth and local businesses in rural Kosovo with the aim to strengthen people's skillset in areas that are demanded by the private sector but that are currently not catered for by the official vocational, education and training system (VET). Thanks to the efforts of local trainers (including business people), government agencies and small businesses, the project managed to set up an effective skills development programme.

The trainings as well as mentoring and support for income-generating activities resulted in increased employment opportunities for young jobseekers in the South and East of Kosovo. Looking back on how the project evolved and what has been achieved, the following key lessons learned were identified:

- The Learning Group Methodology is a highly effective tool to increase skills of rural youth
- Using local resources, including local businesspersons as training providers, is important to strengthen the local economy and skills sector
- Concrete project results ensure that local municipalities become more prepared to support and (re-) invest in skills development
- Knowledge of local context is important when designing the project strategy – being flexible and adaptive during project implementation is equally important

In phase II (2016-2018) the project will focus more strongly on deepening (in terms of sustainability) and expanding the impact (increasing scale) achieved around the models and solutions of phase I. The project will then take up a more facilitative approach that puts special emphasis on capacity development of local institutions to ensure that these partners become the actual drivers of the programme activities. We look forward to further discussing our experiences with other interested parties and to continue working together on developing effective skills development and LED approaches to strengthen rural economies. S4RE is funded by Medicor, Julius Baer Foundation and HELVETAS Swiss Intercooperation; the latter also being the implementing organisation. The project, with a total budget of CHF 1,452,301, started in January 2013 and phase I ended in December 2015.

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# 1. Project Background

## 1.1 Purpose of this document

The main purpose of this document is to share experiences, results and lessons learned of the Skills for Rural Employment Project in Kosovo – from here on S4RE - with partners and practitioners in the fields of skills development and local economic development.

By sharing our experiences and findings we aim to provide a valuable contribution to the skills development debate. We particularly hope to inform and influence the joint efforts of local government, local trainers and development practitioners on how to design and implement interventions that strengthen skills and competences of youth, family farms and SMEs leading to increased employment and income in rural economies.

## 1.2 Main socio-economic challenges in the region

With a youth unemployment rate of 61%, a young person in Kosovo is almost twice as likely to be unemployed compared to adults<sup>1</sup>. More than one third of Kosovo's 15-24 year-olds are not in education, employment or training (NEET), i.e. they are entirely disconnected from both the education system and the labour market.

Particularly three groups of youth are disproportionately affected:

- Young job-seekers living in rural areas: with rural unemployment being significantly higher than in urban areas young people living outside the cities find it difficult to enter the job market.
- Young women (in rural areas): Only one-in-five women of working-age are employed. Compared to its neighbouring countries, labour force participation of women is much lower. Social norms and biases in rural areas prevent women from working and this is especially true for the agricultural sector.
- Minorities: Labour market outcomes are unfavourable for minorities. Compared to Albanians, the unemployment rates of Serbs is 15% higher and in case of Roma, Ashkali and Egyptian (RAE) it is even 18% higher<sup>2</sup>.

The high unemployment rate amongst young people is partly the result of the limited absorption capacity of the labour market. Kosovo's private sector does not provide enough jobs for the rapidly growing workforce of young people. Businesses struggle to grow and expand due to an unfavourable investment climate. At the same time employers from the private sector (which constitutes approximately 60% of jobs in Kosovo) that are willing to hire more people, state that it is difficult to find young people that possess the right set of skills and experiences needed.

The current Vocational Education and Training (VET) system in Kosovo is based on the structure that was developed under the former Federal Republic of Yugoslavia, with changes made in the last decade through numerous donor interventions. It is reported that 60,000 students are currently enrolled in 56 technical schools, representing 55% of all students in grades 10, 11 and 12 (15 to 17 years old). While progress has been made in the last 10 years in improving the capacity and functions of these institutions, there are still significant challenges facing the formal VET system: curricula are old and out-dated, students hardly get practical on-the-job training, and teachers barely get teacher training.

For S4RE the identified gap between the needs of the private sector (in terms of employees' skills) and what the formal VET system and informal system of vocational training have been providing, constitutes a development opportunity: there is potential to improve local economic performance by strengthening the skills development sector. The primary goal of the S4RE project is therefore reducing poverty in rural Kosovo through targeted non-formal trainings, using local resources and services, in order to increase employability and strengthen the local economy.

1 Kosovo Agency of Statistics, Results of the Kosovo 2014, Labor Market Survey, p9.

2 ILO Young people's transition to work: Evidence from Kosovo [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_policy/documents/publication/wcms\\_113895.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_113895.pdf), p. 65

## 1.3 Project strategy and design

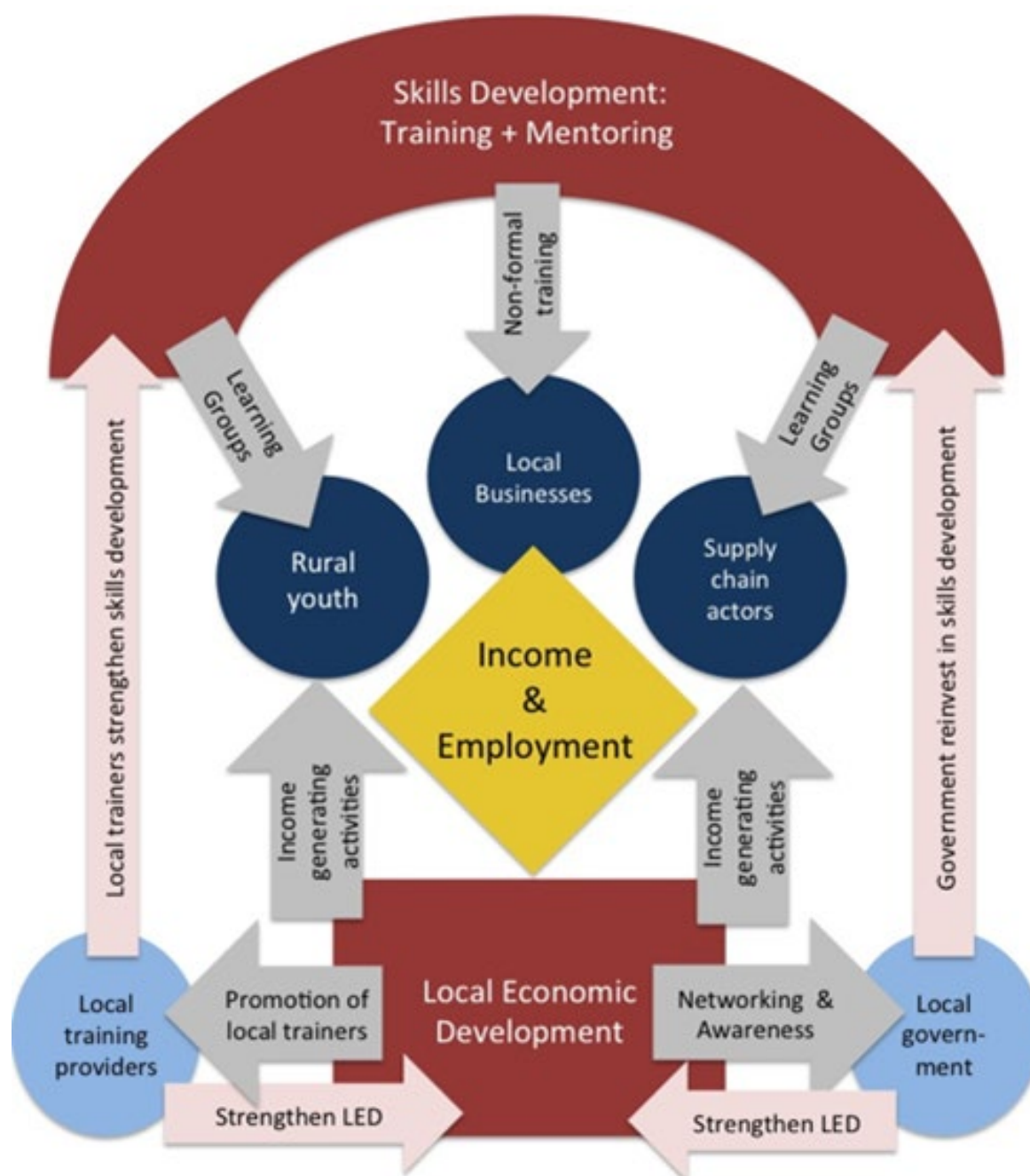


Diagram 1: S4RE's strategy

Diagram 1 shows S4RE's strategy, highlighting how the various project activities (grey arrows) are expected to result in increased income and employment for the three main target groups (dark blue circles). The two key partners involved in the programme are also represented in the diagram (light blue circles), as they play a critical role in supporting S4RE's efforts to strengthen the skills development sector and local economy (pink arrows).

The project targets rural unemployed youth and applies a skills development strategy that builds on local resources (including trainers, municipal services, the wider community and natural resources) in order to increase employment and income:

- S4RE stimulates & supports groups of unemployed young people to develop locally demanded technical, entrepreneurial & life skills; leading to improved employment and income opportunities (outcome 1).
- S4RE collaborates with existing businesses (including self-employed) to develop targeted training programmes that aim to improve productivity, employment, and employment conditions (outcome 2).
- S4RE improves self-employment opportunities through supply chain integration focusing on skills development of small enterprises that supply to national and regional companies (outcome 3).
- S4RE supports locally available training providers to offer skills and training services that are more strongly based on practical training and private-sector linked activities, and are complementary to the formal VET system (outcome 4).

To achieve these four outcomes, S4RE developed a set of interventions designed specifically for three main target groups: rural youth (with specific attention to needs of women and minorities); local businesses and rural supply chain actors (primarily family farms).

As the diagram above illustrates, S4RE has built its income and employment programme around two major development approaches: skills development and local economic development. While S4RE's initial concept focused more narrowly on skills development, it quickly became apparent that this approach had to be complemented with a programme that would contribute to strengthening the private sector in order to increase employment opportunities.

Even though S4RE uses a range of tools that are also applied in market development programmes, the project itself should not be considered as a 'market systems' project as such. Instead of changing the local market system, S4RE rather uses multiple small interventions that identify opportunities within the current structures, primarily in the area of skills development.

## SKILLS DEVELOPMENT

**Learning Group Methodology** for developing skills of rural youth and supply chain actors.

The Learning Group Methodology (LGM) is a participatory process that guides the participants – mostly young unemployed women and men – through different steps of self-assessment and skills development towards job orientation and entrepreneurial initiatives. The LGM targets both rural youth and supply chain actors (primarily family farms). The methodology is based on the LearnNet approach<sup>3</sup>, which simply builds on the understanding that the owners of the problem are also the owners of the solution. Learning groups exist of peers.

Being able to relate to each other is important for building mutual trust and unity, which also encourages the development of (collective) leadership. In this way youth and family farmers are able to strengthen each other's potential, and jointly learn and apply new technical, entrepreneurial and life skills. Locally available training providers impart the training content based on the background of the learning group members, taking into account context and locally available market opportunities. To ensure efficient use of resources and learning effectiveness, learning groups consist of 10 to 20 members.



Learning group - training on jewellery making

**Non-formal trainings** to improve skills and employment of local businesses

The non-formal trainings for local businesses include two main activities. Firstly, tailored training packages are provided for medium to large businesses that aim to both increase the productivity of the existing workforce and increase the size of the workforce (by promoting the hiring of unemployed people who still require further on-the-job training).

The second activity aims to link existing small businesses with VET courses or informal training programs to improve the current skills of workers. Trainings are offered to individual companies on a needs-basis or to a group of related businesses (such as restaurants, traders, etc.) who have similar training needs for a small number of employees.

In the target municipalities there are only a very small number of companies that employ many people, while there exist a much larger number of small enterprises. S4RE aims to provide skills development to both categories of businesses.



Learning group - training on jewellery making

<sup>3</sup> Learning Networks approach, or LearnNet has been developed by a number of skills training programs in various African countries

## LOCAL ECONOMIC DEVELOPMENT

**Learning Group Methodology** for developing skills of rural youth and supply chain actors.

For the LGM participants to realize their potential it is imperative that they have access to basic inputs or resources that enable them to practice what they have learned in order to ultimately help them start up (or further develop) activities that may generate income. The inputs - or seed money that is used to purchase inputs - include items such as raspberry seedlings, beehives or collection facilities for non-timber forest products (NTFPs). These are initial investments and are based on a cost-sharing model: contributions may come from municipalities, the trainers, the trainees and/or S4RE (through an 'Opportunity Fund'). Originally, S4RE did not plan to financially support income-generating activities. However, this changed soon after initiating the LGM trainings, when it became apparent that in the rural areas where S4RE is operating, most young trainees were not able to access financial support (either from banks, family, personal savings or otherwise). As a result, they would not have been able to put in practice what they had learned and start making returns.



Mushroom processing – training for supply chain actors



Training of Trainers

Using **local trainers, local government services and local natural resources** to improve skills development services and subsequently the human resource capacities of local businesses

A key characteristic of the S4RE approach is to develop local service providers to conduct training and mentoring of youth, women and minorities. Critical to the sustainability of local economic development is the capacity of businesses to provide services to local enterprises.

The advantage of using local facilitators is that they are widely known to local youth, as well as enterpris-

es, and enable the project to achieve a critical level of exposure in each area. Wherever practical, a local businessperson is used as the trainer, ensuring not only a practical approach but also showing the trainees that employment opportunities exist. More concretely, the local businessperson/trainer has the opportunity (and is encouraged) to hire the best trainees as employees at the end of the training cycle.

As a regional based programme, S4RE has worked closely with local organisations and government representatives to ensure activities are embedded in the local economy. The cooperation with municipalities is formalised through a Memorandum of Understanding (signed by the Ministry of Labour and Social Welfare). Local facilitators are able to use office accommodation at municipal buildings - and training areas are made available for project purposes. Furthermore, the project also depends on the support of several civil servants to promote the skills development programme, in particular the contributions of gender officers (to discuss gender-related issues during life-skills training) and youth officers (to mobilize the local youth and raise awareness) are important to the success of the project. Municipalities also provide resources to support income-generating activities in the form of co-financing and access to land or forests for wild-harvesting, etc.

Finally, the project also puts particular emphasis on using local (natural) resources to generate income. Trainers raise awareness about the importance of local natural resources (for wild-harvesting of forest products, beekeeping, etc) and discuss how youth may be able to use these resources in a profitable yet sustainable manner.

## **1.4 Three target-groups in four rural municipalities**

The project is targeting the municipalities of Dragash and Shtetpce in the South of Kosovo (Sharr Mountain area) and the Novo Brdo and Kamenica municipalities in the East of Kosovo. These areas have been chosen based on a number of criteria including: rural populations, high unemployment, outward migration (particularly to larger urban centres) and limited utilization of the existing economic opportunities.

In these four municipalities S4RE targets three distinct groups of beneficiaries: youth, local businesses and supply chain actors.

### **Youth**

The primary focus of the project is on rural youth and in particular people with little or no work experiences and low skills. Of this group 50% are expected to be women and 25% should be from minority groups. Through S4RE's intervention this group will benefit from non-formal trainings (LGM) and income-generating activities.

### **Local business**

S4RE aims to collaborate with existing businesses in the target areas, including large employers and small to medium sized enterprises, with the capacity to absorb new employees and further improve the productivity of the company and its employees. Trainings are designed on a needs-basis and are not sector-specific, e.g. HACCP training for meat processors or management training for different types of companies.

### **Supply chain actors**

S4RE identified 6 key supply chains that have significant potential for growth (4 agricultural, 1 handicraft and 1 ICT services). The companies in the selected regions supply a range of products to larger businesses located outside of the target regions. These suppliers are most often small family-operated enterprises supplying basic products to businesses further along the value chain. S4RE facilitates income-generating activities to individual farmers and provides trainings (individually or via the association) in order to improve business performance and increase job employment.

## 2. Interventions

For each target group S4RE has designed a specific intervention: while the intervention processes are similar, there exist important differences, which we further describe in the section below. This description will help to illustrate how the project operates, what tools are used, how they are implemented and which partners are involved in the intervention.

### 2.1 Target group 1: Rural Youth

#### 1) Awareness-raising meeting

The pre-training phase features awareness meetings with youth and the community including the municipal gender officer and other relevant local actors, aiming to mobilize the community, brainstorm and initiate ideas. These meetings are especially important to understand the needs of young people and the potential of the local market, and to understand the barriers (mind-set and cultural forces) to access the labour market for young jobseekers, in particular women and minorities.



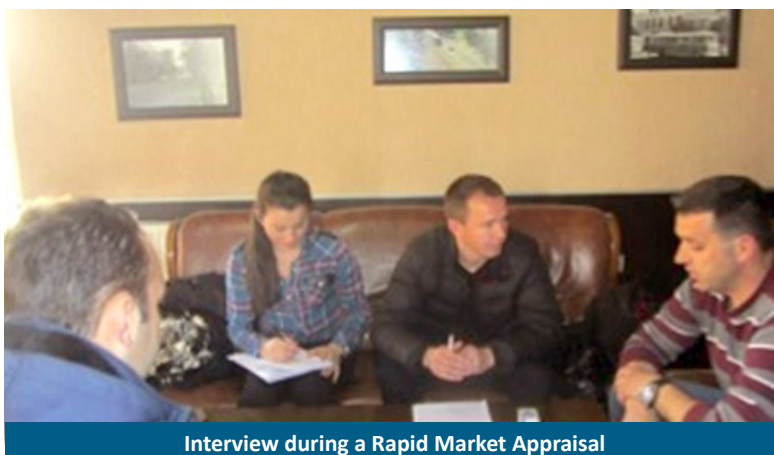
Awareness meeting with youth

#### 2) Identify and create groups of interested youth

After the awareness meeting has taken place, the participating youth create the learning groups – the process is guided and supported by a local facilitator. They come together in peer groups to assess people's expectations with regard to the training and they determine the main areas of potential for learning and applying new technical, entrepreneurial and life skills. To ensure effectiveness (in terms of resources and impact) learning groups consist of 10 to 20 members.

### 3) Identify needs and gaps

A pre-tracer survey is completed by each participant to set the baseline for training needs. The project involves the public employment services to ensure youth have access to active labour measures. The Rapid Market Appraisal (RMA) is a tool used before the training commences to assess skill gaps and identify potential for employment and income generation. RMA directly involves youth in collecting market data to help them gain an understanding of existing market opportunities and challenges.



Interview during a Rapid Market Appraisal

### 4) Trainings

**Technical skills:** Locally available training providers impart the training content taking into account the background of the learning group members and local market opportunities. Young people are strongly encouraged to network, which is important to secure work placements and to enter the job market.

To ensure training quality the project collaborates with Vocational Training Centres (Ministry of Labour and Social Welfare) to monitor the training and perform the competency test. Successful trainees obtain a certificate that is recognized nationally. Monitoring and certification by a governmental body increases confidence of the trainees in the programme and helps to ensure due recognition for the trainees' efforts.

**Life skills:** Unfortunately, many young people, especially from vulnerable groups, lack confidence in their own skills and knowledge and this has an important impact on their chances to securing a job. Trainers, therefore, do not only address technical skills, but they also aim to develop and strengthen personal skills, including: presentation, communication and language skills as well as social training on gender equality, social inclusion, and personal rights.



Learning Group - training on IT essentials

### 5) Mentoring

To ensure trainings result in actual employment opportunities, the project has introduced outcome-based contracts for training providers. In essence this means that the trainer receives 40% of their fees when 60% (or more) of the trainees have entered into an economic activity after the training is completed (self-employment or employed). This arrangement ensures that trainers provide the necessary mentoring support following the trainings.

During the mentoring of the trainees special attention is given to the following issues:

- Support the group to further develop the professional/business goals
- Observe, assess and understand the economic performance of the group
- Provide technical, professional advices to the group based on the assessment
- Support the group to self-analyse and reflect
- Give feedback to the youth and project about development/progress of the group
- Identify and implement other activities that contribute to achieving the group goal

## 6) Income-generation

After completing the trainings, the group members will seek to apply their skills in practice and start (or further develop) an economic activity to support their income. Rural youth, however, usually have no or little access to financial capital to invest in economic activities. To help youth groups obtain the necessary material/inputs for the income-generating activities, S4RE developed co-financing initiatives with local businesses, municipalities, trainers and the trainees themselves.

## 2.2 Target Group 2: Local businesses

### 1) Identification of businesses and their needs

The training process starts with the identification of local businesses (based on data from the ministry of economic development) and with the organisation of face-to-face meetings between local businesses and the field facilitator. Follow up meetings are organised to understand and analyse the needs of local businesses in terms of skills development and business expansion (potential for investment).

### 2) Design a training for a local business or group of businesses

To improve the productivity of existing businesses and to enhance their potential for new job placements, training programs are designed in close collaboration with business owners and employees and are implemented by local training providers. For larger businesses (more than five employees) company-specific trainings are organised, e.g. processing of NTFPs. Smaller businesses that have similar training interests are grouped together and their staff participate in the joint trainings, e.g. on business management skills. Trainings are provided primarily by local training providers and are financed through a cost-sharing agreement between S4RE and the local businesses.



Women group - training on knitting

### 3) Trainings

Most businesses are particularly interested in further strengthening employees' job-specific technical skills and knowledge. However, many employers also express the need to strengthen soft skills, such as problem solving, team work and communication competences.

Example: The meat industries are experiencing an increasing demand from domestic retailers and international markets for high quality health & safety (H&S) food standards. The meat processor and S4RE, therefore, identify training needs and they select a professional company that offers appropriate health and safety trainings. The trainings ensure that employees improve their food safety skills and that the general H&S measures are strengthened, so that the meat processor can obtain the required HACCP certification.

### 4) Mentoring

The mentoring process is similar to what is described above for the rural youth – the only difference being that outcome-based contract for local business training providers states that 25% of the trainees should be new employees. This means that the trainer needs to ensure that 25% of the trainees were employed after completing the training.

## 2.3 Target Group 3: Supply chain actors

### 1) Identification of local and regional businesses involved in the 6 selected value chains

This information provides insights into the development potential of the respective value chains. Data is collected from municipal departments (e.g. agriculture and economy) and reports from other donors.

### 2) Supply chain assessment

Formal and informal workshops are conducted with farmer groups and selected local and regional businesses to jointly identify major gaps/problems in the supply chain and potential training solutions (focus on: production capacity, quality and continuity of supply). This provides the baseline for training needs and potential investment for income generation and job opportunities.

### 3) Identify and create groups of interested family farms

Members of farmer groups come together to discuss their expectations and agree on common interests, mostly focusing on issues related to the development of technical skills, e.g. best agriculture practices, entrepreneurial and life skills.

### 4) Develop (design) training programs and investment packages

Members of farmer groups, businesses and training providers participate in a joint session where they design a skills development program and investment packages. Training programs include key expected changes that need to be addressed by the local and regional training provider. The investment packages provide opportunities for producers in rural area, for instance: investment of new orchards, facilities to increase collection capacities and equipment to increase the production of domestic goods in selected value chains.

### 5) Trainings

Trainings are offered by local training providers and focus on strengthening technical skills of supply chain actors (see target group 1 for more details). Trainings are usually financed through a cost-sharing agreement, where the group of farmers, S4RE and sometimes local or regional businesses (the buyers of the supplies) share the overall cost.



Learning Group - training on beekeeping

### 6) Mentoring

To ensure that the quality training is delivered and farmers increase incomes as a result of the training, S4RE introduced the mentoring component. The trainer has to ensure that more than 80% of the farmers participate regularly (50% of the fees depend on this requirement). The rest of the fees he/she receives when at least 60% of the farmers demonstrate improved competences in farm management and declare an increase in income.

### 7) Income-generation

Together with the various supply chain actors, different business models are developed with the aim to increase farmers' incomes. The producers and potentially other businesses in the supply chain are expected to invest in the business models: financial contributions may focus on regular inputs, such as saplings (e.g. raspberries) or processing facilities (e.g. in the dairy sector). The business models are typically developed for groups of producers rather than individual farmers.

### 3. Results

At the start of the project, S4RE identified key targets for the different beneficiaries and target groups. After three years many targets have been met and, most importantly, longer-term changes and improvements are being observed in the area of vocational skills development. Also in terms of economic development interesting changes are taking place, whereby local service providers and local government are playing important roles. As a result, a significant number of young people have been able to secure (self-) employment.

		Target	Achieved	%
<b>OC 1. Youth gaining skills leading to improved employment</b>	Youth (15 to 30 years old)	1,600	1,508	94%
	Learning Groups implemented	80	150	188%
	Young women trained (50% of 1,600)	800	506	63%
	Young minority trained (25% of 1,600)	400	477	119%
	Youth in economic activity (60% of 1,600)	960	974	101%
<b>OC 2. Local Businesses improve productivity &amp; employment</b>	Employees trained (existing and new)	1,000	849	85%
	Women employees trained (50% of 1,000)	500	241	48%
	Minority employees trained (25% of 1,000)	250	87	35%
	New employees (25% of 1,000)	250	237	95%
<b>OC 3. Supply chain actors improve self-employment opportunities</b>	Trainees (suppliers)	2,600	2,539	98%
	Groups implemented (formal/informal)	150	180	120%
	Women trainees (50% of 2,600)	1,300	658	51%
	Minority trainees (25% of 2,600)	650	739	114%
	New farmers trained (25% of 2,600)	650	483	74%
<b>OC 4 Local service providers offer skills training services</b>	Training Providers strengthened	10	88	880%
	Training Providers engaged other than S4RE	5	5	100%

**Table 3.1 Achievements of S4RE against project targets. Cumulative totals at the end of phase 1 (December 2015)**

### 3.1 Skills Development

In total 4,986 people have been trained during the course of the first phase of the project (94% of the target). The large majority of the people were trained based on the LGM: 1,508 rural youth and 2,539 family farms or other supply chain actors. As a result 330 learning groups were created (150 groups with rural youth and 180 supply chain groups). At the end of phase 1, 849 employees from local businesses have also participated in non-formal trainings organized by S4RE.

In total 1,405 women and 1,303 people from minority groups were trained. As you can see from the table above, the original target for women trained was significantly higher (2,600). The main reason why this did not materialize is because barriers in social norms and perceptions are very difficult to change and require a stronger gender focus (a key objective for phase II of the project).

The project's monitoring shows that to date 945 rural youth participating in the programme have found employment or entered into additional economic activities. With this, the project has achieved 98% of its youth employment objective set for phase 1 (994).

Three of the main achievements of S4RE's project, illustrating its contributions to improving the skills development sector, are discussed below.

**Inclusion of disadvantaged groups:** While young women and men living in the targeted four municipalities constitute the main target group, within this group, S4RE has reached out to specific disadvantaged groups: of the trained youth 33% belong to ethnic minorities (target: 25%). Using a local facilitator from one of the ethnic minorities (Serbian) certainly helped to reach out to this group. Other facilitators, however, also paid special attention to this objective (inclusion of minorities) and were able to achieve the targets. Nevertheless, due to strong cultural and economic barriers it still remains a challenge to involve people from the Roma, Ashkali and Egyptian (RAE) community in the trainings.

**Effectiveness of the Learning Group Methodology:** Out of the 1,508 rural youth that participated in the trainings, 945 have found a job or entered a self-employed activity. Most of them are active in agribusiness such as fruit cultivation and beekeeping, while a small number (152) are involved in non-agribusiness, e.g. hairdressing, tailoring, central heating and IT. The methodology has proven to be a useful instrument in preparing young women and men for jobs or developing entrepreneurial skills to start an own business. Moreover, several local institutions (including employment services and youth organisations) have expressed interest in taking the methodology forward and providing more sustainable support services to young job seekers.

**An emerging training market:** Training and capacity development provided to businesses, small producers or young women and men has been mostly provided through 61 local training and service providers mandated by S4RE. Nine training providers have started offering trainings independently from the project after having gained experiences working with S4RE on the non-formal trainings. These trainers have been approached by other external stakeholders to provide similar trainings for local businesses, international NGOs and the public sector.

### 3.2 Local Economic Development

In total 237 new jobs have been created at the end of phase I, which is very close to what the project originally aimed for (95%). The number of new farmers entering the agribusiness sector is somewhat short of the project target (483 versus 650). During the course of the project (3 years) local contributions from municipalities, trainees, local businesses and trainers represented 48%, or 342,000 EUR, of the total co-financing for income-generating activities. The remaining 52% of investments in income-generating activities were financed by S4RE.

To illustrate the success of the project in terms of employment and income-generation it is important to have a closer look at the effects of the project on **the private and public sectors and their roles as driver and enabler of local economic development.**

## **Private sector – driver of LED**

2,539 (98%) small producers (supply chain actors) in the target region have improved their productivity and quality of produce thanks to improved access to knowledge and information facilitated by the project. It is estimated that at least 30% of producers increased their income. Improved business skills already translated into higher quality products and it has allowed the local small producers to play a more reliable and efficient role in national supply chains. After two project years, a survey among key stakeholders indicated that 74% of businesses in the selected agricultural value chains increased their production by 10 to 50%. The perception of local business owners and managers about the importance of investing into skills development has changed thanks to S4RE's intervention. As a matter of fact, during the course of the project local businesses have become much more willing to co-finance training costs of their existing staff: their contribution increased from 30% to 57%. Better skills mean increased competitiveness and business growth, which ultimately results in more jobs. Local businesses have organised more on-the-job trainings and smaller businesses have formed networks of peers in order to make trainings more affordable and accessible to them.

## **Public sector – enabler of LED**

Local economic development requires a public-private partnership and awareness on both sides on what is required to boost local economic growth. Thanks to S4RE interventions the perception of local authorities has changed over the three years of phase 1: Rather than expecting the national government to provide the solutions, unemployment is now seen as a challenge that can and should also be dealt with at the local level. Municipalities have started to co-invest into many of the solutions initiated by the project; using available financial resources and in-kind support (e.g. offices and logistics). Specific case example of changes in the public sector include:

- The public employment services (PES) has started to change its attitude towards jobseekers in the four municipalities by registering skilled persons as qualified jobseekers and fostering better linkages to local employers.
- The Regional Vocational Training Centre (RVTC) in Prizren acted as a quality assurance entity in the learning group programme; this cooperation ensure that non-formal skills development provision (e.g. hairdressing training) was validated by the Ministry of Labour and Social Welfare (MLSW). The RVTC monitored the trainings, conducted competency tests at the end of the trainings and issued certificates to successful candidates.

## 4. Lessons learned and Conclusions

### Learning Group Methodology

Choosing a suitable skills development approach that is adaptable to the context and conditions of rural Kosovo was obviously a decisive factor to the success of the project. The learning group methodology has proven a very effective instrument to prepare young people for the labour market and increase their employability and entrepreneurial skills. By making small changes to the original approach, S4RE has managed to create a skills development programme that is well-designed to address the specific needs of the youth in rural Kosovo.

Key success factors of the methodology are:

- Universal access: it reaches people where they live. Skills development takes place on-site where the trainees live, ensuring that access is not hindered by distance or social restrictions.
- Holistic approach: youth not only acquire a diversified skillset in a short period of time (3 to 6 months depending on the trade) but also learn to use locally-available resources to become economically independent and socially empowered.
- Acceptance by the local authorities and community: support from the whole community and local authorities for the programme was essential to secure access to local resources such as land, tools, offices and materials. By developing a close and effective partnership with local authorities, S4RE has been able to raise awareness about the need for municipalities to invest in local skills development.

The creation of the groups enabled youth to learn from each other and to build useful networks with peers and local trainers. This helped group members to either remain employed in the private sector or to start an entrepreneurial activity in the form of self-employment. Actors involved in the network include local facilitators, municipal authorities (youth, gender, economic and agriculture), employment officers, youth and women local association/organizations, local and regional businesses.

Another key element of the LGM has been the mentoring of trainees. S4RE decided to use performance-based contracts to motivate local trainers to ensure adequate follow up after the trainings were completed. In essence this meant that the trainer received the final 40% of the fees when 60% or more trainees had entered into an economic activity (self-employment or employed) following the training. Aligning the interests of the service providers with the project economic targets was essential to ensure that the trainings would result in actual increases of jobs or income.

### Use and promote local training providers

At the start of the project, staff quickly realized that using local business owners as the trainers would be a 'win-win situation': the trainers get paid a nominal fee for the actual training, but they then have the opportunity to hire some of the trainees for their own companies. This reduces the risks (or costs) of hiring unskilled staff and it ensures that trainees have a higher chance to find a job afterwards (addressing S4RE's main concern).

A locally managed programme can also be highly effective in its use of local resources. And knowing the local context is particularly important for small-scale rural projects. In Kosovo, development projects have existed for more than a decade and as a result there is a great pool of talented local people who are able to manage and support a programme like S4RE. People from rural communities are sometimes also concerned about the involvement of external persons in a local intervention – they may be concerned about ownership, trust and costs (too expensive). Moreover, in terms of sustainability it is also more sensible to use local resources, as these people, services or inputs will also be available after the project has left. The takeaway message is therefore simple: local staff and service providers must be the main 'drivers' of projects that have a strong focus on strengthening the local economy.

### Municipalities and local action groups

Thanks to the success of the trainings, S4RE has managed to revive the interest and preparedness of local governments to (re-) invest in skills development activities. As described at the beginning of this re-

port, authorities have not paid much heed to the quality and access of vocational training and education services, especially in rural places. In the areas where S4RE has been promoting the LGM and non-formal training services, this, however, started to change during the course of the programme. Municipal workers recognize that local governments should play a more active role in integrating skills development to local economic development.

To strengthen the capacities of local actors and build ownership, S4RE will develop an extensive partnership with Local Action Groups in the respective municipalities starting in phase 2. Local Action Groups (LAGs) are comprised of representatives from municipalities, small enterprises, civil society and local communities. S4RE and LAGs will collaborate in each municipality in order to implement economic development strategies. S4RE will facilitate the capacity development of LAG, so that they are able to assess the potential of selected value chains, using various market research tools, e.g. RMA. LAG's identify and validate the supply chain potentials at local and regional level, design skills development programs that will lead to improved supply of products in terms of quantity and quality.

### **Be flexible and adaptive**

At the start of the project, management already had a very good understanding of the local context due to past experience working in the region. This knowledge was essential for developing a clear strategy on how to approach the skills development challenge in rural Kosovo. However, it was evident that a certain degree of flexibility (or freedom) was needed to further shape the approach during the course of the project as more experiences were gained. This flexibility, to further shape the programme as new challenges and opportunities emerged, proved to be a crucial factor to the success of the project. The three examples presented below help illustrate this more clearly and provide insight in to why it is important to be able to continuously adapt or attune your approach and activities throughout the course of your project.

### **Include LED**

At the start of the project, the strategy focused more narrowly on skills development. While this is still the core area of where most of the intervention activities are taking place, it was not sufficient to be able to achieve its overall goal of increasing income and employment. For this the strategy needed to be expanded in order to ensure that both the supply and demand side of employment would be addressed. In this way the project could ascertain that participants would have a real chance of finding employment or investing in their own entrepreneurial activities after completing their training.

### **Saving groups**

S4RE aimed to foster financial literacy through the promotion of saving groups. By operating in groups, members would expand their social network and be in a better position to deal with financial challenges in the community. Depending on their financial needs, savings could be used to invest in business equipment or as an initial deposit against a start-up loan. While the benefits of creating such savings group were evident (especially in rural areas where most (young) people are unable to receive a loan from a bank), the project stopped promoting the initiative for legal reasons. The authorities do not permit learning groups to create saving groups, as the groups do not have the means to become legally registered entities. More research on alternative saving approaches applicable to the Eastern European context is required. As the saving groups were discontinued, the project was dependent on the co-financing model to support income-generating activities: ensuring the involvement of municipalities, local businesses and the trainees themselves to co-invest in these activities, was important to secure the project scale and sustainability.

### **From learning groups to opportunity groups**

Starting of as a learning-oriented programme, the approach has, during the course of the project, steadily adapted more elements from local economic development by emphasizing the importance of entrepreneurship skills and income-generation. To reflect this, the learning groups have more recently been redefined as opportunity groups - a term that also resonates more with youth and local stakeholders.

## 5. Next steps – next phase

Acknowledging the promising results achieved during the course of the project, management of Helvetas Swiss Intercooperation decided to continue the S4RE project for another 3 years (phase II), starting in January 2016.

After three years of implementation, unemployment and poor income opportunities in the four target municipalities remain a major challenge. And, unfortunately, the lack of future perspectives is still a major source of frustration among young women and men. While S4RE has exceeded many of the targets set for phase 1, the project's contribution needs to achieve a higher outreach, benefitting a larger number of disadvantaged people, in a manner that ensures initiatives will continue beyond the period of project implementation.

The results achieved show that S4REs integrated approach to LED, with a particular focus on skills development, works and that tried-out solutions can now be taken to another level. This is also confirmed by the appreciation received from local stakeholders. Phase II is therefore designed as taking forward the lessons learned from phase I and move from project-driven solutions towards strengthening and institutionalizing local ownership and capacities. Phase II will, therefore, strongly focus on deepening (sustainability) and expanding (scale) the impact achieved around innovative models and solutions in phase I.

The shift in strategy also necessitates a change in regard to the project's own role and implementation approach. While in phase I the project has fairly directly provided skills-related services and solutions to local stakeholders (although mostly using intermediary service providers), phase II will see the role of the project shifting more towards a facilitative approach.

A facilitative approach will also have implications towards how the project interacts with local partners and stakeholders, in particular in terms of: (1) capacity development (e.g. business model development; more coaching of partners at start of interventions); (2) new partnerships (e.g. local partners are the drivers of the interventions; strong emphasis on scale; reduced financial support); (3) MRM (credible up-to-date or real-time data to steer interventions from a distance); and (4) expanding our impact ('crowding-in' whereby successful models are promoted for replication beyond the municipalities where S4RE operates directly).

<http://helvetas-ks.org/s4re/>

