ANNUAL BRIEF 2014

EASTERN EUROPE & SOUTHERN CAUCASUS

HELVETAS
Swiss Intercooperation

HELVETAS Swiss Intercooperation is a politically and denominationally neutral development organisation, which is supported by around 100,000 members and patrons, as well as 12 regional volunteer groups. In the main text in this Annual Brief HELVETAS Swiss Intercooperation is abbreviated to Helvetas.

Imprint
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Zurich office: Weinbergstrasse 22a, CH-8001 Zurich, Tel. +41 (0)44 368 65 00, info@helvetas.org
Bern office: Maulbeerstrasse 10, CH-3001 Bern, Tel. +41 (0)31 385 10 10, info@helvetas.org
Photos: Staff HELVETAS Swiss Intercooperation and staff project partners
Front cover: Kuno Schläfli (Swiss Agency for Development and Cooperation (SDC)
Back cover: Ljubo Stefanov (Nature Conservation Programme (NCP)
Layout: Iceberg Communication
Printed by: Gent Grafik
Date: 31 March 2015

Dear partners, colleagues and readers,

HELVETAS Swiss Intercooperation is committed towards the countries of Eastern Europe and South Caucasus. While the region is dynamic and very distinct from other regions where Helvetas operates in, common challenges persist, particularly around employment prospects related to economic development as well as local governance, policy dialogue and political reform processes. EU integration as well as geo-strategic considerations set the agenda of development collaboration and donor agencies. Our work therefore remains highly relevant and Swiss expertise is very much sought after by our partners. We are therefore pleased to provide an insight into our work with this brief, highlighting some key developments as well as topics that lie at the core of what we do.

2014 has been a busy year for us: three new youth employment mandates acquired in 2012 and 2013 were consolidated and show increasing signs of impact, mandates for two governance projects were continued (by extension or redesigned into a new project) and a new five-country mandate promoting social sciences and policy dialogue in the Western Balkans has been awarded to Helvetas. Regional exchange between our projects has also been strongly promoted and we are happy to see this evolving its own positive dynamics in knowledge management and learning.

The success of our portfolio is the result of highly motivated and competent project teams in the countries and the coordination unit in Switzerland. We are committed towards sustainable and large-scale impact, as well as a high standard of project implementation. It is through the relentless efforts of our staff that the Eastern Europe & South Caucasus portfolio of Helvetas is at the forefront of driving innovations and contributing to the organisation's longer-term vision and results. We therefore continuously invest into the capacities of our staff and partners in order to provide a stimulating work environment.

Successful project implementation is only possible through the partnerships that Helvetas has fostered: first and foremost our funders, most notably the Swiss Agency for Development and Cooperation (SDC), but also our national and international consortium partners, implementation partners, consultants and service providers and beneficiaries. We thank them for the trust and efforts they put into us as well as their valuable contributions.

Jens Engeli & Matthias Herr
Co-Team Leaders of the regional unit Eastern Europe & South Caucasus
HELVETAS Swiss Intercooperation

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OUR STRATEGY

The Western Balkans and the South Caucasus are highly dynamic regions that are rich in political, economic and social diversity. The stabilisation and association process that the EU wishes to initiate with the countries in the Western Balkans encompasses specific regional requirements regarding political and economic stability and regional cooperation as well as a gradual incorporation of instruments that will bring the countries closer to the European Union. However, many development challenges remain. The national and regional job markets continue to be problematic, which is exacerbated by the global/ regional economic crisis and is resulting in high levels of outward migration in some parts of the region. Especially youth unemployment remains a major concern and the young generation sees very few opportunities for a prosperous future in their country. The political context is very dynamic with different and partially rivalling interests that make cohesion and common visions difficult. An increasing dissatisfaction by citizens can be observed, linked to governments' weak responsiveness towards service delivery. However, there are also promising steps towards new reforms and improvement of the economic and political conditions. Donors such as the European Union and different bilateral organizations including the Swiss Agency for Development and Cooperation (SDC) remain committed towards the region and support various efforts in cooperation and coordination with the national governments and partners.

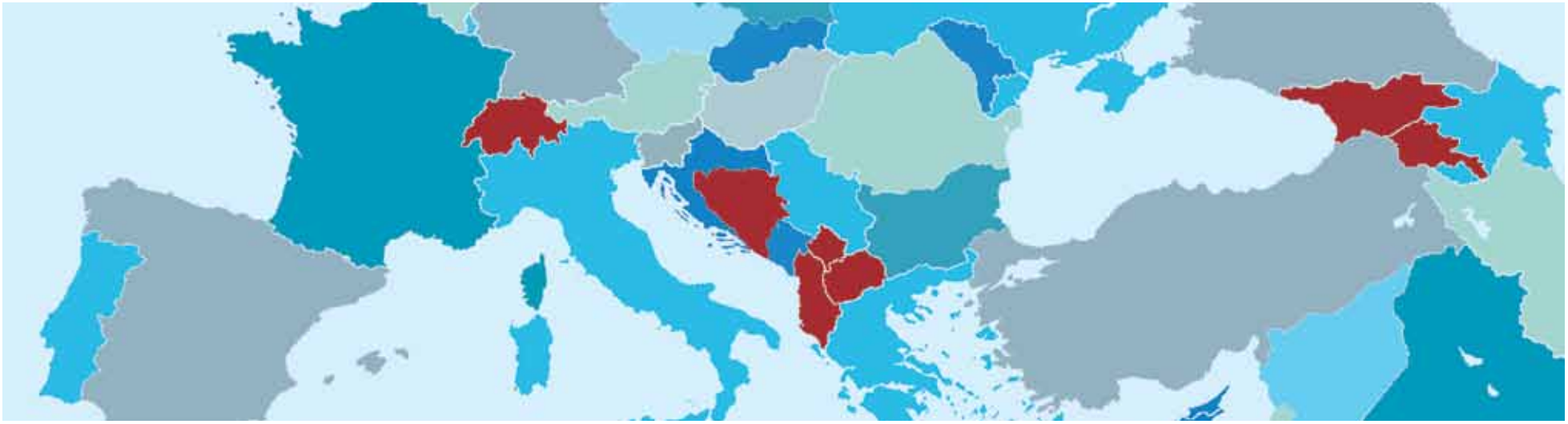
HELVETAS Swiss Intercooperation has a longstanding track record in the region that dates from the early 1990s. We bring an in-depth understanding of regional trends, issues and expertise in different fields as well as strong and longstanding partnerships. In the last three years, our presence has increased significantly with the acquisition of new mandates as well as extension of existing ones. The overall regional portfolio budget has increased from 6.6 Million CHF in 2012 to 13.2 Million CHF in 2015. We operate with a lean structure that builds on our project teams and presence in countries, combined with a direct portfolio management by our Head Office in Bern. Under the umbrella of Helvetas' organisational strategy 2013-2017, our regional strategy 2013-2017 provides the guiding frame for our project activities and interventions. In 2014, we have made good progress in achieving the set targets and together with our partners we have managed to even partially exceed plans and expectations by seizing different opportunities. Hence, our portfolio made and will also make in the future a significant contribution to the overall results of the organisation.

Globally Helvetas works in five thematic areas: Rural Economy; Water and Infrastructure; Governance and Peace; Skills and Education; Environment and Climate Change. In Eastern Europe, we focus mainly on local good governance (political/administrative reforms linked to inclusive quality service delivery) and economic development (focussing on youth employment and rural economy/poverty reduction). We emphasise the need to innovate and explore new thematic areas, such as our latest project acquisition (financed by the Swiss Agency for Development and Cooperation (SDC) in the area of social science and policy dialogue called PERFORM (Performing and Responsible Social Sciences in the Western Balkans). As an organisation, we are committed towards facilitating local ownership and sustainable outcomes and apply therefore a systemic approach to our projects. Besides, we emphasise regional exchange between projects to encourage joint learning as well as collaboration on interventions and thematic areas. Our regional exchange platforms are also open to our different partners and donors.

The building of strong and longstanding partnerships is one of our core principals in all our countries. The success of Helvetas is directly linked to its reliable partner organisations that work as implementation partners/consortia, co-facilitators, service providers, and/or beneficiaries. Our partners are coming from all sectors and include private companies, the government and civil society. We put strong emphasis on partner selection determined by complementarity of competencies and shared values. We highly respect and encourage the contribution our partners make and we are investing significant efforts in building capacities of partners with a long-term vision. In return, we expect commitment, reliability and quality work.

Our objectives for 2015 and beyond are to further solidify our presence in the region by taking advantage of upcoming opportunities and synergies with the current portfolio. We are open to explore new thematic areas and partnerships. We will keep strengthening knowledge management and learning through regional exchange and continue to invest in our staff and partners. Last but not least, we like to improve our communication and underpin our reputation as a highly professional and reliable organisation within the region and beyond.

OUR PROJECTS IN THE REGION



BOSNIA & HERZEGOVINA

MARKETMAKERS (MM)

MarketMakers was created to encourage new employment for youth in the private sector. To achieve this, the project is working with a variety of partners to unlock the unrealised growth potential of the Information and Communications Technology (ICT), food production and processing and tourism sectors of Bosnia & Herzegovina (BiH). While MarketMakers targets private sector growth, it operates through a co-facilitation model in partnership with Regional Development Agencies (RDAs). RDAs are organizations founded by the public, private and non-governmental sectors and regionally support economic regeneration, job creation and human resource and infrastructure development. MarketMakers uses the Market Systems Development (MSD) implementation approach, which provides principles and frameworks that help projects to systematically think through intervention strategies to achieve scale and sustainability of impact.

MarketMakers

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC) – CHF 4,576,500

Implementing partners

HELVETAS Swiss Intercooperation and Kolektiv d.o.o./ Posoa.ba

Number of Staff

8 permanent employees and nine co-facilitators

Duration

June 2013 – June 2017 (phase I)

→ **www.marketmakers.ba**

Highlights 2014

❖ Over the past year, 5 Regional Development Agencies (RDAs), representing all the main economic regions of Bosnia and Herzegovina, received training and practical coaching from MarketMakers in Market System concepts and practice. The collaboration between MarketMakers and the RDAs have enabled the development agencies to enhance their capacities in research, design and implementation of economic strategies for sustainable and large-scale impacts.

❖ Aside from building the capacities of RDAs, MarketMakers has had some notable successes in its first year of operations, particularly in the ICT sector. The most high profile intervention to date is assisting the creation of HUB 387, the first technology hub in the country (see the chapter on market development for more information about HUB 387). A second ICT related intervention, BIT Alliance, is also starting to make a big impact with its signature "BIT Camp" ICT training initiative and its emerging advocacy activities.

❖ Unemployment is a challenge for all youth in Bosnia and Herzegovina, specifically for young women and socially excluded groups. Acknowledging these challenges MarketMakers has selected its working sectors (ICT, Tourism and Food Processing) to ensure inclusiveness and has created a gender and social equity policy to guide all project activities. The project is collaborating with a group of civil society partners to advocate for changes to parental leave regulations and related labour laws that strongly disadvantage young women.

Perspectives for 2015

2015 will be MarketMakers' biggest year yet. In ICT, the project will work with an international chamber of commerce and a Swedish consultancy to promote BiH as an investment destination for ICT enabled business services. The food sector will see marketing companies develop new product lines and service approaches adapted to the specific needs of medium sized enterprises. Growth in tourism will be stimulated through advocacy to support entry of a low-cost airline to Mostar airport and new partnerships between tourism agencies and tourism businesses to develop packaged tourism products. and which continues to drop despite the concerted efforts of donors and the international community.

ALBANIA

THE DECENTRALIZATION AND LOCAL DEVELOPMENT PROJECT (dldp)

The main objective of dldp is to improve inclusive quality service delivery to all citizens by strengthening capacities of local governments in Northern Albania, anchoring dldp products at national level and contributing to a conducive legal framework.

Dldp has been supporting municipalities and communes in northern Albania towards improved local governance since 2006. It has been very successful in capacity building and strengthening cooperation between local governments, using highly inclusive bottom-up approaches. Building on experiences working at local level and using its advocacy and lobbying skills, dldp will in phase three of the project further increase its efforts to reach out to the government of Albania in order to put local governance issues higher on the national agenda.

At the local level, dldp has gradually expanded its project area. Before 2010 dldp worked exclusively in the region (Qark) of Shkodra. It was then complemented by the Qark of Lezha and now, in the third phase, it will have extended its field activities to an additional three Qarks: Diber, Durres and Kukes. This will allow the program to select new Local Government Units (LGUs) and disseminate/upscale best practices horizontally. The project area will then cover five of the 12 Qarks in Albania, or 30 % of the population. As for the remaining seven Qarks, dldp will work through national actors and institutions to facilitate and assure the dissemination of its proven tools and practices.

Financing agency and project value
Swiss Agency for Development and Cooperation (SDC) – CHF 7,280,000

Implementing organization
HELVETAS Swiss Intercooperation

Number of Staff
11

Duration
January 2014 – December 2017 (phase III)

dldp
decentralisation and local development programme

→ **www.dldp.al**

Highlights 2014

❖ During 2014, the Government of Albania has undertaken a process of drafting and revising a number of sectorial strategies with direct implications for the local level. Dldp-supported Local Government Units (LGUs) were able to influence some of these strategies by up-scaling evidences, lessons and piloted models into the national policies and processes. Two good examples are the Digital Agenda of Albania 2012-20 and the Strategy on Decentralization and Local Government. The former describes e-governance at local level and the One-Stop-Shop model piloted by dldp, while the latter strengthens local administrations, EU integration and local development, public services and financial management (see the case study on territorial reform for more details).

❖ Dlpd's work with LGUs in sectors of public finance management, waste management, fund access and electronic government shows the need for developing training curricula for civil servants. Four of the curricula have been anchored into the training program of the School for Public Administration (ASPA) and disseminated in collaboration with Ministries of Lines to 205 local experts (77 women). This new standard in training delivery serves trainees to strengthen their professional capacity and further develops their career as civil servants through a recognized certification system by ASPA and the Directorate of Public Administration (DoPA).

Perspectives for 2015

In 2015 dldp will continue supporting LGUs to properly implement the action plans of the Waste Management Strategy, Digital Agenda, Public Finance Management Strategy and the Strategy of Decentralization and Local Development. Dldp will contribute to policy making of new laws on local finances and organic law using a participatory and bottom-up approach, involving the media and the researchers community into the policy debate. It will further develop a knowledge management platform in collaboration with various responsible national institutions, in order to strengthen the capacities of local practitioners across the country. The project will anchor its practices in a sustainable system and support the implementation of civil service law at local level.

Making use of the upcoming local elections, which will be held in June 2015, dldp will promote responsible local governance by developing practices of transparency and accountability. The "Women in Politics Network" will be revitalised to ensure a balanced representation of women in decision-making bodies.

RISI ALBANIA (RISI)

RisiAlbania is a youth employment project that focuses on achieving systemic changes in the Albanian labour market in order to improve access to employment opportunities for young women and men. Using a Market Systems Development (MSD) approach, the project seeks to overcome the main barriers to youth employment by stimulating job creation (demand), developing skills (supply) and improving labour market information and services (intermediation).

Risi has started stimulating job creation in three sectors that combine growth potential and attractiveness to young people, and in particular women, namely food processing, tourism and Information and Communications Technology (ICT). By facilitating the uptake of new and profitable business models, the project aims to achieve sustainable and large-scale impact. In the food processing sector, the project is facilitating business associations to improve marketing services and to advocate for more adequate supporting schemes. Risi is working on developing a sustainable source of market information for banks and other financial institutions, enabling them to offer adequate financial services, thereby stimulating business growth.

Risi seeks to support young people to effectively enter the job market. This is happening through the creation of a new recruitment service that closes the gap between existing high-end headhunting companies and the public employment services. The project is also facilitating the upgrading of online and mobile services offered by leading job portals. Furthermore, the project's work with the national mainstream media to provide labour market information is changing the way young people, and their familes, take decisions about their education and career.

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC) - CHF 4,600,000

Implementing partners

HELVETAS Swiss Intercooperation and Partners Albania

Number of Staff

11

Duration

November 2013 – October 2017 (phase I)

RisiAlbania Partner for Growth

→ **www.risialbania.al**

Highlights 2014

❖ Risi has successfully started promoting effective job intermediation and increase job opportunities for young women and men in Albania. It has supported leading job matching portals to offer new value added online services to businesses and young job-seekers and further increase their outreach through a free mobile app. A new professional recruitment service targeting Small and Medium Enterprises and focusing on the low and middle skilled job market has been set-up and is now up and running.

❖ Risi has enabled four national media in TV, radio, print and online to develop and broadcast programmes on labour market information for young people. The availability of relevant labour market information to young people and their parents will improve the education, career choices and employment opportunities of future young employees.

❖ In the agro-processing sector, Risi has initiated promising interventions to support the provision of quality marketing and financial services as well as improve agro-processors' access to supporting schemes.

Perspectives for 2015

In 2015 Risi will start implementing its interventions in the tourism and ICT sectors. It will also continue to support the four national media to produce professional labour market information programs; a partnership with the Faculty of Journalism will see the inclusion of labour market reporting in the faculty's curricula. Risi will further extend its support to the National Employment Service to improve its services to businesses and job seekers. The project will also co-operate with the Ministry of Social Welfare and Youth in setting up sector committees in the three target sectors to co-ordinate demand and supply of skills in the labour market, revise curricula of Vocational Education and Training to meet market demand, and develop policies to make the labour market function more effectively in the future .

KOSOVO

THE DECENTRALISATION AND MUNICIPAL SUPPORT PROJECT (DEMOS)

The overall goal of DEMOS is to support Kosovo in its transition process towards a democratic, decentralised state. It envisions municipalities exercising socially inclusive governance and providing effective services that respond to citizens' priorities and needs, contributing to higher own source revenues and creating a spill-over effect to other municipalities. The focus of DEMOS' support is on improving service delivery in waste, public space and mobility, and on strengthening downward accountability and financial management processes in supported municipalities. DEMOS also aims to contribute to an improved policy framework for local governance by addressing identified bottlenecks.

DEMOS has been designed to support good practices of visible and tangible change of municipal services for citizens. The long-term vision of DEMOS is that:

- Municipal administrations, mayors and assemblies work in a modern state, providing services adapted to citizens' needs
- Municipalities put particular attention to transparency and to consultation with their citizens, so that citizens know what the public administration does, and take an interest in it
- Municipal own source revenues have substantially increased and municipal financing is transparent and more predictable.

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC)
- CHF 10,794,945

DEMOS Decentralisation and Municipal Support

Implementing organization

HELVETAS Swiss Intercooperation

Number of Staff

13

Duration

July 2014 – December 2017 (phase I)
- succeeding LOGOS which ran from 2007 to 2013

→ **www.helvetas-ks.org/demos**

Highlights 2014

❖ DEMOS contributed to incentivised good performance, rewarding own initiative, and strengthened management and monitoring systems in Kosovo. A central element in the approach of DEMOS is the Performance Based Grants System (PBGS). The access to grants is conditioned upon the performance of the partner municipalities in financial management, democracy and service delivery.

❖ DEMOS rewards the own initiative of partners by making available on-demand Technical Assistance (TA). This approach is already showing results – many project partners requested TA based on their needs, allowing DEMOS to be flexible and respond to specific requests of partners.

❖ DEMOS has developed monitoring tools that build on established management tools, including the indicators of the existing Performance Management System (PMS) of partner municipalities. TA is mobilized to address weaknesses in the existing system and to support the Ministry of Local Government Administration (MLGA) to improve the quality of these systems. This approach strengthens the existing Kosovar management and monitoring systems, increases ownership and improves the sustainability of DEMOS interventions.

Perspectives for 2015

It is expected that in 2015 and beyond DEMOS' partners will use both Technical Assistence and grants to improve service delivery and governance, which will also enable them to increase their capacity and thus access higher grants. DEMOS will support change agents to show that change can indeed happen when there is a vision, willingness and well-targeted support from international partners. In the long-term, DEMOS expects to contribute to local governance that is more responsive to citizen needs and fosters pro-active civic engagement. This will influence the outcomes of public affairs, and is expected to prompt citizens to increasingly pay local taxes. Furthermore, this is will build peer pressure among local leaders and motivate other local authorities to undertake necessary reforms and rollout good practices .

ENHANCING YOUTH EMPLOYMENT (EYE)

EYE supports the creation of job opportunities for Kosovo youth by facilitating the matching of competencies with market needs. EYE focuses on the labour market by facilitating improvements in skills supply and job matching services in response to labour market demand.

The project facilitates the improvement of labour market conditions for young Kosovar women and men by promoting access to skills development services that provide more adequate training and education to meet the requirements of the private sector. Through its project partners EYE seeks to enable job-seekers to gain better access to vacant positions and make informed decisions about their career paths. To this end the project promotes focused private sector investments in the selected sectors (ICT, agro-processing, construction and private healthcare) that lead to growth of employment opportunities for young people. The project includes an "Opportunity Fund" of CHF 900,000 that is used to support matching grants for innovative initiatives related to employability and employment.

The different interventions have contributed to the development and strengthening of innovative business models. In job matching services, job vacancies advertised have increased by 133% and the number of services to the unemployed has grown from none to six. More than 1,000 young men and women have gained better skills. Lead companies have started to improve their human capital management practices.
The Young Growing Businesses Initiative supports pilots involving 15 young companies, which pool their resources in order to access markets abroad. The support increases accessible and quality marketing services to the companies. With the Municipality of Pristina, EYE has supported the establishment of a business-hub, which provides young entrepreneurs with affordable office space and services.

Enhancing Youth Employment

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC)
- CHF 7,157,430

Implementing partners

'HELVETAS Swiss Intercooperation
and Management Development Associates (MDA)'

Number of Staff

13

Duration

January 2013 – December 2016

EYE Enhancing Youth Employment

→ **www.eye-kosovo.org**

Highlights 2014

❖ EYE's collaboration with private job matching service providers has brought about various improvements in the job market. Two online job portals in Kosovo, Kosovajob.com and Portalpune.com, have developed new services and significantly expanded the outreach to job seekers. Since the start of the project the number of job portal visitors has grown from 490,000 to more than one million. Moreover, these services are increasingly used by private companies and public institutions and have contributed to considerable revenue growth of portals.

❖ EYE's efforts to revitalise the private-public dialogue between IT businesses and the Faculty of Electrical and Computer Engineering (FECE) has resulted in the creation of an "Industrial Board". ICT companies are now able to communicate directly with the faculty and discuss what types of skills are needed in the sector. This has created a system to jointly design curricula that respond to the labour market requirements. EYE stimulates replication of such innovative practice by working with similar bodies in other faculties to address the skills needs of sectors such as agriculture and construction.

❖ EYE supported start-ups and fast-growing companies through co-financing in certifying their quality management process and in-house training of new employees. First results of these pilots are promising: the companies EYE has worked with grew rapidly and already hired more than 80 Kosovar professionals in 2014.

Perspectives for 2015

In 2015 EYE will work closely with the Ministry of Labour and Social Welfare to improve the performance of employment councillors. The initiative will introduce a training and performance measurement system by enhancing the quality of matching services provided to the registered unemployed. In addition, EYE will continue to build sustainable dialogue mechanisms between the private sector and education providers to ensure skills of future jobseekers match labour demand .

SKILLS FOR RURAL EMPLOYMENT (S4RE)

Skills for Rural Employment (S4RE) project aims to increase the employment and income opportunities in rural areas of Kosovo through a set of interventions aimed at skills, training and economic development.

S4RE is a pro-poor project targeting a community-wide approach and emphasizes the role of youth, women and minorities within the overall goal of increasing employment and income. S4RE focuses on matching the supply of skills with the demands of the market, leading to improved economic development.

The project works with local municipalities to use the potential of available natural resources for better economic growth in agriculture, forest activities and tourism. S4RE supported agribusiness youth education initiatives, contributing to a change in negative perceptions of rural youth towards agriculture.

While vocational education and training centres exist in Kosovo, rural youth have difficulties to access these centres due to distance and strict working hours. The on-job training supported by S4RE in cooperation with private businesses has created easy access to the centres and successful employment for young women and men, such as tailoring, hairdressing and central heating.

Financing agencies and project value

Medicor, Julius Bär Foundtion and Helvetas
- CHF 1,400,000

S4RE Skills for Rural Employment KOSOVO

Implementing organization

HELVETAS Swiss Intercooperation

Number of Staff

4

Duration

January 2013 – December 2015

→ **www.helvetas-ks.org/s4re**

Highlights 2014

❖ The intervention of the project in the supply chain has increased income and employment opportunities to existing and new actors of the value chain. The project has worked with a number of national and local Small and Medium Enterprises to identify supply chain gaps. Advanced training on improving the quality and increase the quantity of products and services delivered by farmers has improved market access. 974 farmers in livestock and dairy, honey, fruits, non-timber forest product (collection and processing) have increased their productivity, resulting in higher incomes.

❖ In 2014, the project facilitated the development of 58 learning groups consisting of 596 beneficiaries. Members of the learning groups gained technical, entrepreneurial and life skills; conditions that enable them to earn an income or gain self-employment more easily. Trainings were provided based on ideas that came from young people themselves and assessment of economic opportunities using Rapid Market Appraisals (RMA). About 60% have entered into economic activity, mainly in agriculture such as fruit cultivation and beekeeping. Wage employment for the youth were provided by private businesses in various sectors, such as tailoring, hairdressing, meat processing and carpentry.

Perspectives for 2015

In 2015, the project plans to focus on facilitating job creation for at least 480 youth, improving the productivity of 350 employees in existing businesses and strengthening the agricultural supply chain for more than 1,000 farmers by improving trade linkages between farmers and buyers.

MACEDONIA

THE NATURE CONSERVATION PROGRAMME (NCP)

The main goal of the programme is to ensure that national, regional and local stakeholders are committed to conserving nature, based on the principle of sustainable resource management while generating economic benefit. In order to achieve this goal, the framework conditions for natural conservation are improved through the elaboration of concepts, strategies and planning documents. The relevant stakeholders from different sectors are involved throughout the process and their skills and knowledge are deepened following current conservation approaches and methodologies. Of crucial importance is the facilitation of diverse small activities implemented by local NGOs and municipalities, which foster the implementation and awareness raising of sustainable natural resource management and energy-saving technologies.

Currently, there is a huge lack of information in natural resources, biodiversity, tourism and other relevant topics. The NCP therefore has initiated the implementation of different sectorial studies and an ecological gap analysis, leading to a consolidated database of information; this will be imperative to the regional and spatial planning.

Close collaboration between the Forest Faculty in Skopje and the Forestry Department of the Berner Fachhochschule BFH/HAFL in Switzerland was established to mainstream biodiversity and nature conservation in the forestry sector. Two block lectures at the University and field lectures with Macedonian students could be realized and first steps for the adoption of the curriculum at the University have been taken.

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC)
– CHF 4,800,000

Implementing organizations

Farmahem with secondment of International Team-leader from HELVETAS

Number of project team members

8 (including 1 Helvetas staff member)

Duration

November 2012 – December 2016 (phase I)

→ **www.bregalnica-ncp.mk**

Highlights 2014

❖ One of the main interventions of NCP is supporting the development of a curriculum for the Forest Faculty of the University in Skopje in collaboration with the forest department of BFH/ HAFL in Switzerland.

❖ The aim is to analyse the current curriculum of the Forest Faculty and to identify existing gaps in approaches and methods for biodiversity and nature conservation. By mainstreaming biodiversity and relevant current approaches in the curriculum of the University, future students will be able to contribute towards a sound and sustainable management of forests, integrating socio-economic and ecological aspects.

❖ NCP has made significant investments in promoting the nature conservation programme among concerned stakeholders in Macedonia. This includes joint events with partners, frequent meetings and discussions, development of promotional material and newsletters, and the establishment of a continuously updated website as well as a transparent communication. NCP has achieved broad acceptance of the programme among the local population and diverse stakeholders, which is of crucial importance to manage further negotiations and to prepare for future interventions and collaborations.

Perspectives for 2015

For 2015, the focus lies on the consolidation of key data from various expert studies. They will provide a holistic understanding of the region and its potential. This is necessary to elaborate a draft spatial plan for the East Planning Region. Based on the data, a proposal for protected areas and a strategy for tourism within the region will be elaborated. The NCP will use the results of the first study on agro-biodiversity in the region to implement three activities for the promotion of agro-biodiversity and sustainable agriculture. The activities will focus on the enhancement of old varieties, sustainable rice production and bee cultivation .

ARMENIA

MARKETS FOR MEGHRI (M4M)

Markets for Meghri (M4M) contributes to a lasting economic development and poverty alleviation in Meghri, a region in the south of the country on the border with Iran that is well-known for the production of pomegranates. The project is working with different actors of the horticulture sector in the region to increase the income of poor fruit farmers.

Support has been extended to local service providers, enabling them to provide technical advice and inputs for fruit farming as a business. The project has started to attract financial service providers into the area to advance loans to small farmers.

Fruit traders along with farmers are being exposed to potentially lucrative markets; networking with and doing business in new markets will benefit also smallholder farmers in Meghri. The project facilitates dialogue among market actors and government representatives to analyse and improve the business environment for the horticulture sector in the Meghri region.

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC) – CHF 3,510,000

Implementing organizations

Centre for Agribusiness and Rural Development (CARD) with backstopping support from HELVETAS

Number of project team members

6 (including 1 Helvetas staff member)

Duration

December 2012 – November 2016 (phase II)

→ **www.m4m.card.am**

Highlights 2014

❖ M4M has supported local entrepreneurs to provide quality agricultural inputs, equipment and machinery, as well as advisory services to farmers. Since April 2014 more than 400 households - approximately 1/3 of all farming households in Meghri - have used the shop's agricultural inputs and services.

❖ Farmers have increased their investments in cold storages, greenhouses and new orchards, rehabilitation of irrigation systems, and in other agriculture related technologies thanks to the availability of suitable financial products and services. Farmers access credits with lower interest rates, longer grace period and the opportunity for seasonal repayment.

❖ Business-to-business meetings with horticulture market actors facilitated by the project have contributed to creating new linkages between farmers, processing and trading companies. Meghri farmers have responded to improved market opportunities for dried fruits. They invested in drying equipment and the production of high quality dried fruits.

Perspectives for 2015

In 2015, M4M will provide support to agriculture service providers in the region to further improve relevance, quality and coverage of the agricultural services offered, and thus contribute to an increased income of farmers. New opportunities in accessing finance will be linked to investment in horticulture, such as expansion of orchards, fruit drying and refrigerated storage. M4M will also facilitate the development of systems for improved market efficiency (e.g. collection centres in Meghri, establishment of grading systems) as well as the networking of Armenian market actors with international markets to open up new sales opportunities.

GEORGIA

MARKET OPPORTUNITIES FOR LIVELIHOOD IMPROVEMENT (MOLI)

The primary objective of MOLI is to strengthen the livestock market system (dairy production and meat) by supporting small businesses such as dairies, village based feed mills, machinery service providers and veterinary pharmacies. The interventions focus on connecting farmers with businesses that can provide the necessary inputs, services and advice to increase their production and gain better income.

The project applies two main instruments to support the selected market players in the livestock market system in the Kakheti region:

i) Co-investment grant schemes for specific investments aimed at improving market system functions and increased outreach of target enterprises to farmers, and

ii) Capacity development of relevant market players to support delivery of improved services and advice to farmers.

In addition to this, MOLI facilitates discussion platforms enabling farmers and SMEs to interact directly and to coordinate their needs and concerns with local government authorities.

Linking selected SMEs with nation-wide input suppliers provides them with agricultural inputs, information and advice. Village-based feed mills, for example, have significantly increased the production and sales of improved cattle and pig feed for smallholder farmers. Other input suppliers have shown interest in the business model facilitated by the project and are likely to copy and replicate in other municipalities.

Financing agency and project value

Swiss Agency for Development and Cooperation (SDC) – CHF 4,000,000

Implementing organizations

HEKS-EPER with backstopping support and secondment of International Tem leader from HELVETAS

Number of project team members

9 (including 1 Helvetas staff member)

Duration

November 2011 – October 2015 (phase I)

→ **www.moli.ge**

Highlights 2014

❖ MOLI uses the market systems development approach to facilitate business development support to small and medium enterprises in the livestock market system in rural Georgia. The project links 38 enterprises to different nationwide input suppliers/service training providers. The intervention has reached around 6.000 farming families and is well on its way of reaching the target of 7.000 families by end of the first phase in October 2015.

❖ An external review by SDC conducted in October 2014 has confirmed the contribution of MOLI to the livelihood improvement of farmer families in livestock production in Kakheti region.

Perspectives for 2015

In 2015, MOLI will continue its efforts to professionalize village-based feed mills, expanding the sales activities of improved feed to small-scale farmers, especially for pig fattening. Support for dairies will focus on four key areas: marketing activities; branding of cheese products; diversification strategy; and food safety issues (HACCP). MOLI also plans to expand its geographic area of the Kakheti region in its second phase starting at the end of 2015 .

THEMATIC FOCUS: MARKET DEVELOPMENT

Addressing economic challenges such as youth unemployment has been one of the main corner stones of Helvetas' strategy in the Western Balkan and South Caucasus region. This notably involves supporting labour market-oriented initiatives, creating adequate job opportunities, and improving the performance of employment services for young adults. The creation of favourable framework conditions for doing business and promoting competitive Small and Medium Enterprises (SMEs), also constitutes an important element of the strategy.

Systems for the exchange of goods, services and commodities that function effectively are crucial to poor and disadvantaged groups like the youth. Yet the question of why some systems, such as the labour market and governance, function well or underperform/fail has been challenging for many development agencies. The debate on aid effectiveness mirrors this challenge in stimulating sustainable and large-scale impacts that endure the phasing out of interventions. As shown in the three youth employment projects in this brief, performance of the different systems depends on a number of factors in the wider system, and that providing direct solutions to actors will not solve root causes. Projects that are part of the system and directly provide solutions only deal with symptoms and do so more efficiently. The key to interventions that are relevant to the target groups and feasible to contribute to meaningful changes is having a clear vision of sustainable and large-scale changes from the start. In short, every project entry is its exit! This constitutes the underlying objective and prime concern of applying market systems development approach, also known as M4P.

Market systems development is by no means limited to economic transactions, or projects that exclusively deal with economic development. The approach has wider relevance to a number of thematic areas, ranging from education, water, health, governance and financial services. It provides frameworks and principles as related to vision of sustainability (ownership, lasting impacts) and scale (depending and broadening of impacts). It helps to understand complex systems, which are interconnected, and identify the root causes for their failure or underperformance. Most of the cases in this annual brief apply a systemic approach, explicitly or otherwise, and are guided by asking the central question of "why isn't the system providing solutions to poor and disadvantaged groups" – the youth, women, poor farmers and ethnic minorities.

The different projects have improved their facilitative roles through continuous reassessment of interventions and using regional exchanges. There are emerging evidences showing how the projects have increasingly contributed to innovative practices and functioning systems by stimulating existing players, including governments, to take on more valid roles. The projects facilitate to align key functions and players to work more effectively based on their incentives and capacities. This concerns not only existing systems but also the future ones.

JOB MATCHING SERVICES

ALBANIA: PROFESIONISTI - A NEW RECRUITMENT SERVICE FOR LOW AND MIDDLE SKILLED YOUTH

RisiAlbania has identified a fundamental gap in the job-matching sector: until today private companies have not developed any effective recruitment services for low and middle skilled job seekers. To address this problem, Risi has partnered with a media company to develop recruitment services for SMEs that are primarily interested in hiring low and middle skilled staff.

In Albania private companies and unemployed people do not use job-matching services as much as one would expect. Job-matching companies only target a small number of job-seekers and lack complementary facilities such as career guidance and other business-related human resources services. The job matching system exists of three tiers: high profile recruits are mediated by private recruitment services; educated/urban recruits through portals; and uneducated recruits (low and middle skilled) through the National Employment Services (NES). NES is the largest player in this field and the only one catering to low and middle skilled unemployed young people. However, the effectiveness of its services is considered low, and most job seekers and businesses are unsatisfied with the provided services. In 2012, NES provided work placements to 5,800 young people and while this may sound like a lot, it is in fact only 15% of the total number of registered young jobseekers.

The outreach of the private job matching services in Albania is very limited considering that only 40 to 50 recruitments are made per month. High profile recruitments are much more attractive to private companies because of the high recruitment fees. As a result, lower skilled jobs are being largely ignored. Similarly, the job portals advertise very few job offers in this category.

PRIVATE COMPANIES AND UNEMPLOYED PEOPLE ARE NOT USING JOB-MATCHING SERVICES

As job-matching providers are not considered very effective, private businesses mostly rely on their networks (of friends, family and colleagues) rather than intermediaries to manage their recruitments. The recruitment processes of these private companies, however, lack quality and efficiency with regard to designing vacancies, advertisement, candidates' selection, interviewing techniques and recruitment procedures. In addition, businesses encounter difficulties handling the great number of applications received per vacancy. This results in additional costs for businesses as well as high staff turnover due to frequent selection of candidates who turn out to be unsuitable for the job.

Given the inadequate recruitment services available for low and middle skilled people and complaints at the demand-side from businesses that are unable to find suitable candidates in a time and cost-efficient manner, a company called ÇELËSI was approached by Risi Albania to develop a business plan to address this issue. ÇELËSI is an important media platform that has extensive experience running job advertisements targeting low and middle skilled jobs. Risi supports ÇELËSI in developing the new job matching service and operate it in an effective and commercially sustainable way. The newly established recruitment service -- "Profesionisti" -- builds on a profitable business model and has the capacity to promote the new service amongst the existing clients, mainly SMEs, of ÇELËSI.

RisiAlbania worked closely with ÇELËSI to support the recruitment of "Profesionisti" staff and build the capacities of the company to respond effectively to an increasing demand for high quality job matching services. "Profesionisti" is now a dynamic and energetic team consisting of four young recruiters and an acting manager committed to help low and middle skilled people find a job. Since November 2014, the team has developed its action plan and has set itself ambitious targets: in its first months, "Profesionisti" already reached out to dozens of business representatives and successfully finalized its first recruitments. As this new business continues to develop itself, an increasing number of young people will be able to enter the job market in a transparent, fair, and effective way.

KOSOVO: PUBLIC EMPLOYMENT SERVICES

To reach the employment targets for 2020 Sectorial Strategy on Employment, Social Inclusion and Welfare launched by the Ministry of Labour and Social Welfare (MLSW) in Kosovo, more effective Public Employment Services (PES) must be developed. The official unemployment rate in Kosovo currently stands at 31%. The role of PES is imperative towards creating a better functioning labour market that efficiently matches supply and demand through information sharing, placement opportunities, career advice and provision of active support measures to jobseekers and employers.

The government in Kosovo has undertaken a number of PES measures during 2014 (to be continued until August 2015) to modernize its operations in line with the requirements of a client-oriented employment service. For instance, the functions of the counsellors have been changed and a new service delivery model was developed for PES that enables the unemployed to interact with only one counsellor - whether it is regarding counselling, training, or placement services. In addition, PES software and hardware systems have been upgraded. However, despite these reforms, the performance of PES remains low and not able to serve the needs of the unemployed in Kosovo.

The underperformance of PES results from the absence of a number of supporting functions at all levels, including input parameters (human resources, financial resources, general condition of buildings and ICT tools), business processes (organizational and management structure, service delivery model, available mix of services, and active labour market programmes), and output parameters (e.g. the counsellor-to-jobseeker ratio currently is 1:1,500 while ILO recommends a figure of 1:100). To overcome these obstacles, the Enhancing Youth Employment (EYE) programme has partnered with the MLSW in order to support PES with enhancing its capacities and reforming and modernizing its services. Ultimately, the partnership should ensure that more enterprises and job seekers use PES job matching services, so that unemployed women and men will have better access to more job opportunities.

A NEW PUBLIC-PRIVATE DIALOGUE AROUND EMPLOYMENT SERVICES

Undertaking these reforms in a public institution required a prudent approach - being aware that changes are often met with a certain degree of resistance. As a first step, EYE supported the MLSW to assess the similarities and differences in the approach of PES in relation to other countries (EU and neighbouring countries) and then to identify best practices of interventions for performance improvement. The best practices in labour market administrations were shared with the senior level at the MLSW and local levels of PES. This was intended, first to contribute to the process of designing adequate responses for performance improvement and, second, to give staff of the MLSW and PES full ownership in designing the changes. By applying the identified best practices to the situation in Kosovo, the MLSW and PES were able to develop a new strategic plan for reforms and modernization of PES. This plan constitutes two major goals: (i) to increase outreach of jobseekers and enterprises; and (ii) to improve the quality of services provided by employment counsellors. This plan is included to the Sectorial Strategy of MLSW and Action Plan 2014-2020.

The MLSW, facilitated by EYE, has started to implement reform measures that will result in important changes in the management and operation of PES. These measures include strengthening of PES human resources through an in-house training system; establishment of a performance framework with clear set of indicators and targets using comparable international standards and key performance indicators; and development of multi-channelling services (online, e-mail, phone) and self-service facilities, which allows clients to contact and obtain services through different means. These reforms will be piloted in two municipal employment offices. Ultimately, the MLSW aims to adapt the reforms in 30 other employment offices across the country – a clear sign of ownership and scale.

EYE has observed positive changes in attitudes of people working at the public job matching services towards the initiative. While in the beginning people may have been resistant towards the changes, PES staff has now taken more ownership of the initiative. Furthermore, the MLSW has also developed a new public-private dialogue around the employment services to change people's perception of the role of the government as a primary provider of employment services. EYE will continue to facilitate the process in 2015 and will ensure that good practices and international expertise from European countries are brought to Kosovo for strengthening the employment services and for mutual learning.

WORKING WITH THE MEDIA

ALBANIA: HOW TO ATTRACTIVELY REPORT ON LABOUR MARKET INFORMATION?

Young people in Albania do not have easy access to information that would allow them to make an informed, fact-based decision on which career, field of study, or school to choose. As a result, career decisions of students (and their parents) are based on misperceptions and biases (e.g. gender stereotypes) rather than realistic perspectives. Students do not choose to learn in-demand skills and as a result young job-seekers lack competences when they enter the labour market to start looking for jobs. Unfortunately, the main source of information - the media - only covers topics concerning education, careers and occupations on a sporadic basis. There is however a great potential audience for job-oriented news: 700,000 young people and their parents. To reach this group, the press, online media, TV and radio need to strengthen their capacities and learn how to report on this topic in an attractive manner.

RisiAlbania aims to stimulate national mainstream media to actively disseminate labour market information to young people and their parents to improve the education, career choices and employment opportunities of young job seekers. In early 2014, RisiAlbania commissioned an in-depth research concerning the role of the media regarding the dissemination of labour market information. This research also identified best practices in other European/regional countries and analyzed the needs and interests of media and businesses, and young people.

INNOVATIVE ADDITIONS TO THE ALBANIAN MEDIA LANDSCAPE

RisiAlbania presented a call for proposals to support different forms of media to regularly design, produce and disseminate attractive formats such as 'edutainment' (educational entertainment), TV and radio episodes, supplements or other types of content programming that aim to inform young people about the labour market. The best proposals of four national media (2 TVs, 1 radio, 1 newspaper) were selected in September 2014. RisiAlbania worked closely with the selected media to further shape programs and carefully design strategies for sustainability and scale. Since November 2014, a set of TV and Radio programmes and a newspaper supplement have successfully started to provide labour market information.

Radio Club FM, the second biggest radio program in Albania with an almost exclusive young audience, has initiated the weekly broadcasting of **"Ora e Punës" (Working Hour)**.. It is based on interviews with human resources managers from companies in Albania or experts from the labour market who provide information about vacant positions and tips on how to become a successful entrepreneur and succeed in job interviews.

"Ti Mundesh" (You Can do it) is a monthly TV program on youth education, career advice and employment opportunities broadcasted in "Top Channel" TV (the biggest national TV) that aims to give voice to vocational education experiences of young people. The purpose of the show is to deliver a clear picture on "what it is like to have a certain profession and what are the markets requirements for this profession". The first half of the program documents the work and life of a successful individual. The second part of the program is an open discussion, involving the protagonist of the documentary, businesses and other actors involved in labour market issues and aims to spark ideas and guide young people towards this profession.

"Drejt Punës" (Towards the Work) is an initiative carried out by Shqiptarja.com and A1 Report and provides labour market information through weekly TV documentaries concerning successful stories of young people working in less popular professions (e.g. cooking, tour guide, plumbing, etc).

"Drejt Punës" is the first ever weekly newspaper supplement in Albania that discusses labour market issues a Facebook and website page complement the weekly supplement.

In addition, RisiAlbania has established an audience feedback group, consisting of 20 young people from different backgrounds and different regions of Albania, which will, under the supervision of a consultant, monitor the programmes for the first five months. Each member of the feedback group watches or listens to the new TV, Radio programmes and newspaper supplements in order evaluate the quality of the programmes. This feedback helps the media to improve the content and attractiveness of their new programmes, and enables RisiAlbania to assess the effectiveness of its intervention and use the feedback as a source for corrective measures.

The feedback received so far suggests that the different programmes have made an excellent start, with very promising - and increasing - audience figures. They are considered innovative additions to the Albanian media landscape and considerable interest has already been stirred, to the extent that the journalism faculty is looking to introduce reporting on labour market issues in their curricula. Risi believes this will produce important long-term impacts, both for job seekers and the Albanian media itself.

WORKING IN THE ICT SECTOR

BOSNIA: HUB 387

The Information and Communications Technology (ICT) sector in Bosnia is growing, but not as quickly as it could. Most ICT companies have more business than they can handle, but they face important problems expanding their business and hiring new employees. ICT businesses find it difficult to attract and retain skilled workers. It is difficult for freelance ICT workers to start the next generation of successful ICT companies. To help companies deal with these issues and speed their growth, MarketMakers cooperated with Mr. Edin Saracevic, a Bosnian-American technology entrepreneur who dreamed of creating Bosnia's first ICT hub. In this partnership, MarketMakers provided the business planning support and small seed money that Mr. Saracevic needed to mobilize companies and funding to launch his venture. ICT companies who are members of HUB 387 are motivated to relocate their business in order to:

- Reduce brain drain by providing a pleasant and stimulating work environment for skilled employees who might be tempted to emigrate to Western Europe or North America
- Stimulate faster transfer of knowledge to keep key workers current on emerging technologies
- Ignite an entrepreneurial spirit to drive growth and creation of a "start up culture"
- Create a critical mass to raise awareness about the IT sector, support innovation and attract higher value work

High satisfaction and faster growth of ICT companies in HUB 387's Sarajevo location are sure signs of the intervention's success. Even more important, however, is the interest from outside of Sarajevo as entrepreneurs and investors throughout the region start to take notice. After less than one year of operation, HUB 387 has expanded its ICT training program to Mostar, an important ICT centre in Herzegovina and has inspired a similar but smaller hub to open in Banja Luka, the capital of the Serbian part of BiH. Even more impressively, private investors from Croatia recently signed a franchising agreement to open "HUB 385" in Zagreb.

For the young men and women who work in HUB 387, the experience has been transformative. Aspiring tech workers and entrepreneurs have new opportunities to get the skills for a technology career, a supportive environment to start their own business and a collaborative community of likeminded individuals.

HUB 387 IS AN INSPIRATION TO FOREIGN AND DIASPORA INVESTORS

According to Mr. Mersed Camdizic, the 27 year old owner and director of fast-growing Mistral Technologies, HUB 387's positive and dynamic atmosphere is important to his success as an entrepreneur and as a progressive employer. "I am happy… for having such a nice team of people to work with and because (in HUB 387) I can see people who want to push things forward in this beautiful country".

As MarketMakers' intervention in ICT progresses, the focus is shifting from enabling growth of existing BiH based IT companies to promotion of foreign investment in software development and outsourcing. Through its success, HUB 387 is an inspiration to foreign and diaspora investors, demonstrating that success really is possible. The HUB and its member companies also form the nucleus of a dynamic ecosystem that is emerging as a pre-eminent IT investment destination in South Eastern Europe.

Interview with EDIN SARACEVIC

Mr Edin Saracevic is the founder of HUB 387 in Sarajevo

I arrived in the US in 1994 at the end of the Bosnian war. In 1999, during the early dot-com phase, I started my first ICT company. Two years ago, in the fourth year of my latest US startup I decided to go back to Bosnia, as I was concerned about the brain-drain of many talented young people from Sarajevo.

When I came to Sarajevo I was convinced that the ICT industry in the Balkans would become a prominent sector for the region and that an increasing number of other industries depend on it. However, when I returned to Sarajevo there wasn't a strong ICT community. We had a few ICT businesses, scattered across the country, without many interactions between them. The sector had formed organically, i.e. there was no strategic thinking behind it. I wanted to put the companies and people together and create a vibrant ICT community, something I like to call 'our ICT Disneyland'.

It became apparent to me that for a relatively poor country like Bosnia, a stronger ICT sector is not only a springboard for future strategic industries, but also a huge opportunity (platform) to reduce the massive youth employment problem in the Balkan region. My first move was to talk with the person who had built a large shopping mall in central Sarajevo that had been empty for 10 years. It was the ideal place to build the ICT community. We had to bring the talented ICT companies and freelancers together in this building - and that is what we did. In the end 50% of all the ICT companies accepted our invitation and joined our 'ICT Disneyland' of 3,000 m2 office space.

Challenges for HUB 387

I think the biggest challenge is, as usual, a mind-set challenge. Some companies believe that you shouldn't be sitting next to each other as we do in HUB 387, because we are competitors. The main argument concerns human resources: the risk of loosing quality staff to competing companies. However, what we usually see with hubs is the building of a new 'ecosystem' with community collaboration, quick transfer of knowledge and ideas. It's typical that you have to go through a few difficult phases when you build something like this. Nevertheless, many companies liked it and we now have a pretty impressive track record: so far Hub 387 has brought 16 companies together in one place and created close to 70 high quality jobs.

Most of the time in the Balkans you're busy with admin stuff, dealing with legal obstacles or other type of barriers, while you as a company would like to focus on core business activities, working out your strategies and implementing your concepts. It's very difficult to 'copy and paste' strategies from other countries: what works in a Western country may not work in the Balkans. You can't assume that people understand a concept that is very well known elsewhere. You have to start with explaining what is a 'hub'. I spent most of my time explaining to people why a 'hub' exists; what is the concept of a hub; and why do we need it, or what are the potential benefits. An ICT start-up is not a set-up that is widely appreciated here. People in this region hold a more conservative mind-set, they would say 'let me have a state-based job and have some securities instead'.

Getting investments for our HUB

Local banks are in general hesitant to support initiatives like this. In your sales pitch you normally depend on people understanding your concept and this is a fairly new business model. In the beginning it just didn't make so much sense to go to the banks and ask for financial support. So we focused on piloting our initiative. During the first 12 months, most of our work was financed through private initiatives. MarketMakers (MM), I would say, really understood the concept from the get-go and they were one of the first investors who asked us how they could help the initiative. As we were just about to reach an agreement with the propriety owner, we asked MM if they could subsidize part of the rent for future HUB 387 companies. This was a useful incentive as it lowered the financial barrier for the companies that were interested in moving offices.

A vision for our region

Our idea is to open the HUB 385 in Zagreb and open a similar one in Belgrad (HUB 381). We want to establish a close cooperation between the hubs and try to promote the entire region more prominently as an ICT destination for global ICTservices. Bringing more projects to the region will be much easier if we do it together. It is extremely important that we popularize ICT in the region and that we grab headline stories, so that ultimately more people will turn their heads, and future career, in this direction.

I hope that other initiatives, like MM, will see the potential of this initiative as it can make a significant change in the region and create a positive momentum. I think that is the key take-away from all of this: with very little money it is possible to build and invest in a flourishing ICT 'ecosystem'. This, however, doesn't happen overnight. Usually in Western regions, such as Germany, Israel and London, you have strong state support to create [finance] ICT hubs and develop the ICT sector. In Bosnia, or any other Balkan country, there is no state money for this. We are in discussions with the local government and we are trying to push the issue to the top, but for the time being there is no investment coming from the government. It would be great to see more support from the international agencies that have the agendas, the budget and the teams [expertise] to help move things in a positive direction. By investing in the 'ICT ecosystem' I think many agencies will see that there is a lot of 'low-hanging fruit'; in other words, with very little investment you can bring quick returns.

THEMATIC FOCUS: LOCAL GOVERNANCE & DECENTRALISATION

Well-functioning governing institutions, including those at the local level, are critical for effective and equitable delivery of services, political competition, broad political participation and decision-making, and a vibrant and inclusive civil society. Decentralisation involves the devolution of authority over administration, budgets and financial decisions, the allocation of resources, and the provision of services in a manner that is responsive to local communities and largely independent of higher levels of government.

Helvetas Swiss Intercooperation implements on behalf of the Swiss Agency for Development and Cooperation (SDC) some major local governance mandates (Kosovo and Albania) that adhere and contribute to the donor's vision and objectives of 'better provision of socially inclusive quality services through advanced decentralisation and strengthened local democracy that contribute to a democratic state-building process'. The Swiss Agency for Development and Cooperation (SDC) and thus Helvetas' engagement builds on past experience, promising developments and a strong EU integration agenda.

Helvetas takes hereby a facilitator role, working mainly with and through national partners. The applied core principles and approaches are: (i) using and strengthening existing systems, and processes, (ii) incentivizing municipalities to improve performance in financial management, democracy and service delivery, (iii) rewarding performance by linking better performance to increasing 'on budget' grants, (iv) rewarding own initiative of partners by making available on-demand technical assistance, (v) facilitate peer to peer learning between partners, other stakeholders but also in and beyond region, (vi) fostering inter-municipal/LGU cooperation (in country and among countries), (vii) linking local learnings & evidence with policy dialogue/agenda setting, and (viii) using international best practice and expertise on highly complex technical issues.

More detailed information is provided below on Helvetas' governance projects in the Western Balkan by highlighting selected case studies that show some of the projects' achievements in 2014. Helvetas expects through its projects and continued support from the Swiss Agency for Development and Cooperation (SDC) to further strengthen local democratic governance and make a valuable contribution to its partner countries on local but also national level by combining local implementation with active dialogue and advocacy based on evidence for better adapted legal frameworks.

WASTE MANAGEMENT

ALBANIA: WASTE IS MONEY - RECYCLING CAMPAIGN AND COMPETITION

Shkodra municipality, one of the biggest local government units in Albania, has been supported by dldp to improve its waste management and extend its waste collection system to the suburbs of the city. After a long period of hesitations, the municipality finally managed to overcome some important financial and administrative obstacles in 2014 and started to implement important new processes, e.g. the disposal of its urban waste in the regional landfill of Bushat. The municipality is convinced, however, that recycling is the most sustainable way to reduce the quantities of disposed waste at the landfill. Therefore, it sees recycling as an additional opportunity to involve the informal sector and citizens in recycling through mobilisation and awareness campaigns with a motto of "Shkodra recycles! - Waste is money, don't through it away!"

Based on the expressed interest of municipal leaders to promote recycling and adopt a new system for collecting recyclable waste, dldp together with Swiss experts proposed a simple recycling system. This does not add new costs, but on the contrary reduces costs for the municipality. The proposal was to establish two collection centres in the city, where service providers that are contracted by the municipality would buy recyclable waste from citizens, schools and businesses and resell it to the recycling industry. This initiative is based on the assumption that if environmental education and public awareness can be linked to the concept of "waste is money", people will be interested to take part in the initiative.

LINKING ENVIRONMENTAL EDUCATION AND PUBLIC AWARENESS TO THE "WASTE IS MONEY" CONCEPT

Waste management and recycling is not only a challenge unique to Albania. Other European countries have been dealing with this issue for longer and could gain extensive experience. The Government of Albania (GoA) has adapted strategies and laws, which aim to approximate the national legal frameworks of the EU directives and regulations. One of the objectives states that by 2017, 25% of the waste quantities generated must be recycled. Although these objectives are considered highly ambitious - and almost unreachable in the given period of time - dldp aims to continue supporting the initiative, recognizing the importance of GoA's targets in promoting initiatives and systems to improve the recycling rates.

Thanks to dldp's support, the municipality and citizens have become more aware that less waste in the landfill means reduced costs for the city/citizens and additional money for marginalized groups in the recycling industry. This has helped to improve the quality and reliability of the recycling supply chain and increased market confidence for recycled goods. Dldp strengthened the municipality's capacities by providing additional knowledge and knowhow on the topic and thus sensitising the political leadership on new options for improving public services in the city.

Recycling Championship

One of the main activities that dldp developed to support Shkodra in achieving its waste management goals was the organization of the Recycling Championship for schools in the Shkodra Municipality. An agreement was signed among parties clearly defining roles and responsibilities: the municipality provided infrastructure (bins) and organized media coverage and promotion; schools collected the recyclable waste (paper, plastic and aluminium cans); and a private company collected and paid for the recyclable waste. One of the biggest challenges was to convince the private company that this initiative is commercially viable. A business plan was jointly developed by analysing the waste generation, potentials of local markets and incomes generated by processing the quantities of waste collected by schools, businesses and citizens.

In total, 33 schools (22 public and 11 private schools) engaged in the initiative, involving close to 9,000 pupils and students. The recycling championship was organized during the period of May-June 2014,

collecting 6,062 kg of recyclable waste. There was also a positive response from citizens and big bussineses: they collected during the same period a quantity of 74,895 kg of waste or 6,700 euro that was paid back to the citizens and schools and allowed the recycling company to generate a net profit of 3,000 euro. The municipality saved money as less waste was being transported and disposed of at the landfill. Most importantly, when the schools reopened after the summer holidays, all schools continued collecting recyclable waste even without holding championships.

For 2015, dldp aims to further improve and consolidate the recycling schemes and to continue the Recycling Championship in Shkodra Municipality. Dldp will assess the feasibility of extending it to the regional level by involving the schools in the 12 municipalities of the 5 Qarks (all of Northern Albania) where dldp is acting. The Ministry of Environment is fully supporting this initiative and is lobbying for a National Recycling league, which involves all the main municipalities in the country.

GOVERNANCE & GENDER

KOSOVO: GENDER-RESPONSIVE BUDGETING

Women's voices often go missing in political debates and dialogues. Their needs and priorities are often not considered. Sometimes this is unintentional, with men in authority assuming that they speak on behalf of women or men not realizing that women may actually have different opinions. Also at local level, when governments plan their budgets, staff is not always aware that their decisions may be biased and that the needs of some citizens (especially women and girls) are not correctly addressed in their budgets. To tackle this problem, LOGOS (the predecessor of DEMOS) developed an intervention that helps municipalities make budget planning more gender sensitive.

To ensure that the municipal budget of local governances in Kosovo better reflects or addresses the needs of both women and men, LOGOS supported municipalities across the country to introduce and enhance Gender Responsive Budgeting (GRB). GRB is a government planning, programming and budgeting approach that entails identifying and reflecting needed interventions to address gender gaps in sector and local government plans, budgets and policies.

In order to attain a budget that covers the needs of all citizens, the project trained municipal staff on GRB. During a field visit to Sweden, staff of partner municipalities was able to exchange experiences and learn about approaches on how to apply GRB at the local level. As a result of these trainings, partner municipalities implemented gender-responsive budgeting processes and consulted with a large number of citizens (women and men) to plan and execute the municipal budgets. To address the problems that women face, municipalities tackled different issues as part of their budget planning process, including education, agriculture and health. One municipality provided funds for school transportation of students living in remote areas and established scholarships for students living in difficult economic conditions. Both activities have made schools more accessible for girls and boys. Another topic they discussed and addressed is drop-out rates and security for girls on the way to school.

NEEDS OF WOMEN AND GIRLS NEED TO BE ADDRESSED IN MUNICIPAL BUDGETS

The project has also developed tools to enable municipalities to identify potential income generating projects and to analyse the work-life situation of women. The department for agriculture in one municipality, for instance, provided funds from the municipal budget to support the income of women-headed households. Women have used this extra money to start their own production businesses.

Ms. Shefkije Mehmeti head of the municipal assembly from Novoberde says: "we had a very good cooperation

with the project team and we saw immediate results in our municipalities. GRB increased our self-confidence, as we felt that for the first time women could manage their own funds. The Department of Finance has been very supportive and enabled us to transfer our ideas into concrete proposals (for 2014) covering various topics, including: education, health and the promotion of local products and rural tourism. Recently I had an opportunity to visit Austria and present our experiences with GRB. As Austrian municipalities did not seem to use the approach, I was asked to explain what we had learned so far. As you can imagine it was a proud moment for me to tell them about our collaboration with LOGOS and how we managed to introduce GRB in our municipalities."

As a result of the project's role, the Ministry of Economy and Finance has included gender budgeting in the budget circular for local level, mentioning that municipalities need to follow the experience from LOGOS' partner municipality in Kamenica. DEMOS, the successor of LOGOS, will continue to provide support and training for municipalities in applying GRB as per request of the Ministry of Economy and Finance.

DECENTRALISATION

FUNCTIONAL AREA STUDY AND THE TERRITORIAL REFORM IN ALBANIA

In September 2013 dldp initiated a Functional Area (FA) study in Northern Albania, which aimed at identifying sustainable Local Governance Units (LGUs) that could serve as models for efficient public service delivery. The term 'functional areas' refers to the notion that space is not to be defined along administrative or historic lines, but rather on the basis of how various interactions happen within that space.

By gaining a better understanding of people's interactions around matters of employment, consumption, health & education and mobility, the study intended to assess trends in the functionality of LGUs across administrative borders. While dldp was designing the FA study, the government expressed its intentions to conduct an administrative territorial reform that would significantly reduce the number of LGUs - the assumption being that bigger LGUs are able to provide better and more cost-effective services to the citizens. As the government's intentions became clearer, dldp realized that the FA study should serve as an input to the ongoing debate on the territorial reform.

THE GOVERNMENT USED THE FUNCTIONAL ZONES' METHODOLOGY FOR DESIGNING THE NEW TERRITORIAL DIVISIONS

The FA methodology has been developed and tested before in other countries. For the study in Albania, the University of Applied Sciences and Arts in Luzern, Switzerland, provided valuable methodological guidance. The study took place in 5 out of the 12 Qarks (regions) in Albania, covering the entire project area of dldp. In December 2013, dldp organized a study tour to Switzerland for several political actors, ranging from Parliamentarians to central and local government officials, providing them with the opportunity to share their experiences and to learn from their Swiss colleagues how

Switzerland has managed to implement its territorial reforms. Preliminary results and findings from the research on the functional areas were shared and the first discussions between local and national politicians started there.

After consultations with thousands of stakeholders across the country, the Ministry of State for Local Issues developed five proposals for the new administrative and territorial division of Albania. These maps were based on the technical criteria adopted by the Parliamentary Commission, by identifying functional areas within the district(s) and by examining indicators of interaction between inhabitants and institutions, economic interaction and access to community services. Public consultations have been conducted in the country and in July 2014 the Parliament approved the new territorial division of Albania with 61 LGUs (previously there were 374 LGUs).

Dldp is pleased that the Albanian government recognized the importance of the study and that it chose the functional area methodology as one of the key strategic criteria for undertaking the territorial reform. The Advisor to the Ministry of State for Decentralisation thanked the Swiss government, Helvetas and the dldp programme for the study and said that "the Albanian government took the concept of the functional zones as the reference point for designing the new territorial divisions of Albania." SDC Albania acknowledged that the study was "well prepared with all relevant considerations being properly reflected, in terms of conceptual and methodological aspects. The findings are based on the comprehensive work put in developing a solid and rigorous process." The mayor of Kallmet stated that this "study has taken into consideration the entire system of life: how people in local units live, such as market places, education, health, urban movements etc, i.e. the functional side of how our inhabitants live. Recognition of the study should not only come from the mayors who participated in the study, but surely it should be known by all administrations and councils of local units."

The key success factors that ultimately led to the national government recognizing the dldp study as an important tool to inform the territorial reform process are:

- A well-organized study that combined a valuable methodological guidance with powerful local knowledge from the research teams and dldp staff.
- A well thought-through strategy of dissemination and validation of results, which combined technical validation with the consensus building in different stages through different local, regional and national actors.

Advocacy means to "give a voice to people", but it is not just that.... In the case of the functional area study it also means: improving the quality of people's voice and ensuring that people have sufficient power to influence decisions. By bringing all participants together and by ensuring a common understanding of the needs of all stakeholders, there is a much better prospect that the (informed) voice of this diverse group of people will reach a political consensus and, most importantly, that they will achieve better quality decision-making, benefiting people's lives in all local communities.

The dldp team receives a Knowledge Sharing award for the Functional Area study

Interview with BURIM MEQA

Mr Burim Meqa is Director of the Public Services Department of Gjakovë/ Đakovica municipality. The Public Service department covers 11 areas of work including waste management. The municipality is collaborating with DEMOS to tackle the Waste Management problems .

Just like in other parts of Kosovo, the municipality of Gjakovë/ Đakovica has a major problem with managing household and industrial waste. When you walk from the recently renovated çarshia (historic bazaar) into the new part of town you cross a bridge over the river Krena and will notice that the riverbed is covered with threads of half rotten plastic that are stuck on the low hanging branches of the trees along the river. The dike is also littered with garbage bags and stray dogs fight over leftover food in the heaps of rubbish. A little further, on the parking lot of the recently opened hypermarket people carry plastic bags with packaged groceries to their cars. As you can see, the consumption of industrial products, especially processed foods, has increased enormously since the nineties. The capacity of municipalities to cope with the increased amount of garbage, however, has not kept pace.

Waste Management Challenge

Mr. Meqa: „Waste Management is a very important area of work for us. The amended Waste law (2012) is the legal base for waste management activities in Kosovo. This Law was never implemented here in Gjakovë/ Đakovica, but the new local government wants to develop and implement functioning solid waste management services and show to its citizens that the waste problems will be taken care of, by collecting waste more efficiently and disposing it in a safe manner. "

"By law, municipalities are responsible to manage waste within their boundaries. Currently, our municipality is not able to take up this responsibility. One of the reasons is the lack of staff: only 1 person at the Public Service Department is taking care of waste management issues. This year we need to identify all obstacles and then ask for permission from the national government to hire additional staff. We would like to move faster and make improvements quicker, but we must consider all legal requirements and limitations, which can be a little frustrating.
One of the main challenges is to set-up a fee collection mechanism for waste management services, which should also be part of the waste management plan. Currently, the Regional Company who collects the waste does the fee collection. The payment rate, however, is very low. We have several ideas, but we need some more time to work these out, consult with stakeholders and seek advice from DEMOS, before we decide what is best/ most realistic."

Partnership with DEMOS

"In 2014 two workshops were organised with the support of DEMOS and GIZ, where we had the opportunity to meet with other municipalities who also face the same challenges. This was very useful as we gained a better understanding on how to approach waste management issues and identify the necessary improvements.

The new government in Gjakovë/ Đakovica considers the need for development of an Integrated Solid Waste Management Plan (ISWMP) as one of its immediate priorities. DEMOS is coaching us, through local consultants, on how to prepare the documents. Working groups have collected the basic data needed to analyse the current state of the waste challenges and calculate the operating costs of the service provision. The next step will be determining the service standards and identifying the necessary investments. During this process continuous consultations with the relevant stakeholders will take place. We expect to have a draft plan ready for public review by March.
After adopting the plan, we need to make sure it is being implemented correctly. We will start this process by opening a procurement procedure and select operators who will carry out different activities according to the waste management plan."

Implementation of the waste management plan and future collaboration

We appreciate that we can continue working together with DEMOS in the next two years. They have agreed to further support the implementation of our waste management plan. DEMOS is providing grants to municipalities based on their performance. During 2015, DEMOS will provide a grant of 110,000 EUR to the municipality (70% will be used in the field of waste management and 30% in the field of mobility). The municipality is co-financing the waste and mobility projects and will contribute an additional 33,000 EUR. This money is used to make investments and implement the plan, focusing on the three R's: Recycling, Reducing and Reusing. As a first step we will manage the separation of waste and then we will begin the process of transforming the waste transfer stations into proper recycling units. This requires a very big investment, which will take time, but we think will be able to start this year.

For the moment, we work with local consultants. For us, it would be important though to also get experiences from elsewhere. We could learn a lot from experts abroad and hopefully DEMOS can help facilitate this exchange. DEMOS has been very supportive and we feel that their work is having a direct impact on people's lives in Kosovo. We certainly look forward to continue working together with the Swiss development organisations."

[1] DEMOS and the municipality of Gjakovë/ Đakovica will also work together on social mobility issues (e.g. about the traffic signage that is missing around schools and in touristic sites).

OUR PARTNERS & DONORS

HELVETAS Swiss Intercooperation implements projects in Eastern Europe and South Caucasus on behalf of funders. We therefore express our deepest gratitude to those that that have awarded us with a mandate and provided us the opportunity to make a difference.

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

medicor foundation Liechtenstein

Julius Bär

Austrian Development Agency

USAID FROM THE AMERICAN PEOPLE

RIETER STIFTUNG

Our projects are often implemented together with international and national partners. Complementary expertise and experience is key to successful implementation of development initiatives. We therefore thank our partners for their collaboration.

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Within the frame of specific project interventions, HELVETAS Swiss Intercooperation works together with a multitude of national and international organisations, companies, service providers and consultants. Without the support from and ownership of these partners, we could not achieve the impact that we have. The list of names is exhaustive; we would therefore simply like to extend a big thank you for your collaboration in 2014 and look forward to work with you in 2015!

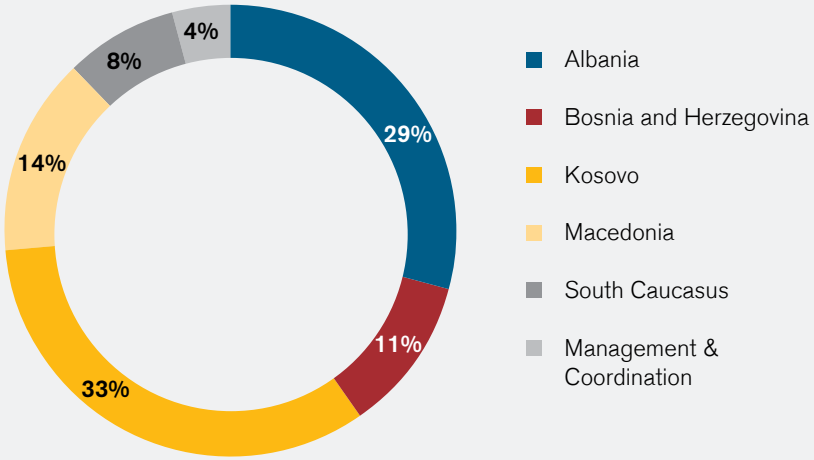
FINANCIAL OVERVIEW FOR EASTERN EUROPE 2014

The overall expenditures of Helvetas in Eastern Europe in the year 2014 amounted to CHF 8'567'807 million against the approved budget of CHF 9'963'931 million. This sums up to an 86% budget execution mainly due to careful investments and changing political contexts. The Agency for Development and Cooperation (SDC) continues to be the main donor in the Western Balkan as well as the South Caucasus (89% - all acquired mandates), followed by two foundations (Medicor and JuliusBaer - together 4.2%) and USAID (2.4%). 3.6% of the funds came from the organisation's own resources and was used for running the Programme Coordination in Kosovo and Head Office Switzerland.

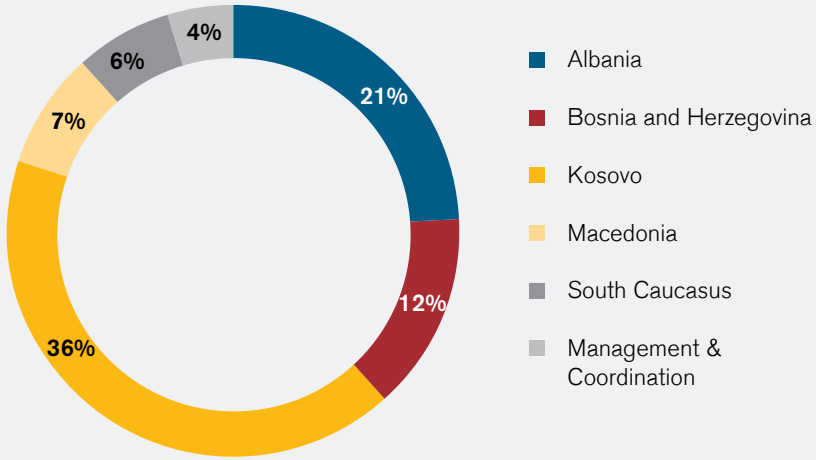
The portfolio remained stable in 2014 compared with 2013, however, a further growth of 33% could be achieved in 2014 for the 2015 budget. Of the overall expenditure, approximately 21% are invested in the working area Rural Economy, 26% in Skills Development and Education, 34% in Governance and Peace, and 14% in Environment and Climate Change.

KPMG audited the accounts and the financial statements on Head Office level and has approved them. All projects got audited also at country level by accredited audit firms who approved all their accounts.

Budget 2014
(Totsl CHF 9'963'931)



Expenses 2014
(Totsl CHF 8'567'807)



Zurich office: Weinbergstrasse 22a,
CH-8001 Zurich,
Tel. +41 (0)44 368 65 00
info@helvetas.org

www.helvetas.org

Bern office: Maulbeerstrasse 10,
CH-3001 Bern,
Tel. +41 (0)31 385 10 10
info@helvetas.org

www.easterneurope.helvetas.org

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