

PROJECT DOCUMENT 2013 TO 2015

Skills for Rural Employment (S4RE) – Kosovo



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Executive Summary

Project Title	Skills for Rural Employment (S4RE)
Project Area	Sharr Mountains & Northeast Region, Kosovo
Project Goal	Poverty Reduction in rural Kosovo through targeted training and skills development, leading to increased employability
Project Outcomes	<ol style="list-style-type: none"> 1. Learning Groups targeting young unemployed people 2. Private sector training programs to new and existing employees 3. Supply chain linkages strengthened 4. Capacity building of local service providers
Beneficiaries	Total of 5,200 unemployed (or under-employed) people in focus regions In addition businesses, training providers, unemployment centres and government agencies will benefit from project activities
Project Duration	Phase I: 2013-2015
Budget (2013 – 2015)	€991,981

S4RE has been developed in response to a scoping visit conducted to Kosovo by HELNETAS Swiss Intercooperation in late 2011. This visit identified the need for a skills development project to address practical skills training in rural Kosovo, an area that is not sufficiently serviced by the formal VET system. Issues of access to VET facilities, including distance, transport, social barriers and required level of education prior to VET enrolment, have resulted in a large number of rural poor being excluded from employment opportunities.

The rationale of S4RE also recognises that for a sustainable change to employment and income opportunities in rural areas to be realised, an emphasis on improving private sector development is also required. Simply increasing the skills of the unemployed does not create new opportunities for employment. 3 interventions have been designed that address both the supply of skills and the demand for these from local, national and regional businesses. Self-employment is also a projected outcome, and to enhance the success of this, a small 'opportunity fund' is included in this proposal.

Two areas have been selected for the first phase of S4RE. The region of the Sharr Mountains, situated along the border with Macedonia and Albania in the south of Kosovo, and an area based in the east along the Serbian border, comprised mostly of the Municipalities of Novo Brdo and Kamenica.

HELNETAS Swiss Intercooperation is well placed to implement this project in Kosovo, based on both its local knowledge and its thematic skills. In the Kosovo context, HELNETAS Swiss Intercooperation is currently implementing the Horticulture Promotion in Kosovo (HPK) and Local Governance and Decentralisation (LOGOS) projects, as well as a third mandate with USAID under a subcontract to the New Opportunities in Agriculture program. In June 2012, a third major project, Enhancing Youth Employability (EYE), has been awarded by SDC to the organisation.

The existing projects all relate to the goal of improving rural employment and income; providing a broad knowledge base for S4RE to utilise. As an organisation, HELNETAS Swiss Intercooperation has a team focussed on skills development, and advisors from this group will be engaged by S4RE.

The project's implementation will be supervised by a team of 3 facilitators employed by HELNETAS Swiss Intercooperation, supported by International Advisors as required. Provision of training services directly to the beneficiaries will be undertaken by local service providers, including public and private sector actors, and national consultants when required.

A planning phase in 2012 is nearing completion, with achievements to date including the contracting of the full staff and advisor list for 2013; identification of the first group of facilitators in each focus municipality; commitments from several private sector actors to collaborate with the project; and the completion of this Project Document with more defined intervention strategies and beneficiary targets.

1. Background and Rationale

This section outlines the rationale for a skills development project in Kosovo and reflects the experience of HELVETAS Swiss Intercooperation in working in Kosovo over the past 12 years, as well as the findings of an initial scoping mission conducted in late 2011. Meetings with key stakeholders and assessment of available data from national and international agencies also informed this proposal.

1.1 Socio-economic and political context in Kosovo

In February 2008, the Kosovo Assembly declared independence, hence marking a new chapter in the modern history of Kosovo. The declaration of independence was followed by rapid recognition of the new situation on the part of western powers, including the United States, Switzerland and most of the EU member states. Four years after independence, unemployment and poverty continue to be amongst the biggest problems for Kosovo.

The UNDP Development Report from 2010 estimated overall unemployment to be around 48%, with at least 300,000 jobseekers in the market and 30,000 more entering the system annually. Most worryingly, unemployment tends to be long-term, with 82% of the unemployed being out of work for more than 12 months.

These high unemployment numbers must be treated with caution, as they do not take into account employment in the informal economy. However, whilst this may reduce the true unemployment number, it also does not reflect the chronic under-employment experienced by many workers. Insecurity of employment and a high amount of seasonal work constitutes much of the informal economy.

Remittances from the large diaspora population of Kosovo in Western Europe sustain many under-employed households. Whilst this is a welcome boost to the local economy, and will continue to be an important revenue source, it cannot be relied on to meet all basic needs. Recent indications are that the amount of remittances sent to Kosovo is reducing.

One result of higher unemployment in rural areas is a tendency for young people to move to urban centres in pursuit of employment, but with high unemployment in these centres this is not a successful strategy. Kosovo also has the highest level of migrants in Europe (as a percentage of the population), and the region of Prizren, including Dragash municipality, has the highest rate of migrants living outside of Kosovo. UNDP data from 2010 indicates that almost half of migrants leave for economic reasons, and 90% of them are aged 20 to 35.

Although young people make up about 60% of the total active labour force in Kosovo, unemployment amongst young people remains at especially high levels – estimated at 73% by UNDP. Particularly three groups are disproportionately affected:

- **Young job-seekers living in rural areas:** with rural unemployment being significantly higher than in urban areas young people living in these areas find it difficult to enter the job market.
- **Young women (in rural areas):** social norms often make it particularly difficult for young women to find a job; the bias on the agricultural sector in rural areas generally favours male labour.

- **School drop-outs:** with total years spent in education being 2 years lower in rural areas when compared with Pristina, young people are often under-qualified for the job market. In Dragash it is reported by UNDP that 50% of girls drop out of school by the age of 14.

Women in Kosovo are over-represented in unemployment statistics, as well as having lower levels of education. For Kamenica, data shows that for the under 40 age group, 75% of unemployed women have no education beyond primary school, compared with 60% of men. In the group 25 to 39 years of age, the rates are even higher, with 80% of women and 60% of men having no education beyond primary school.

The high unemployment rate amongst young people is partly the result of the limited absorption capacity of the labour market. The often unrealistic expectations about wages and working conditions are also issues cited by employers when discussing the hiring young people.

There are reported to be 40,000 enrolled students in University courses (both public and private), indicating that access to higher education in urban areas is not the issue, but more likely the right skills and expectations of employers are not been met.

Employers from the private sector (which constitutes approximately 60% of jobs in Kosovo) mention that while they are willing to hire more people, they find it difficult to identify young people with the right set of skills and experience needed to increase the competitiveness of their business.

1.2 VET in Kosovo

The current Vocational Education and Training (VET) system in Kosovo is based on the structure developed under the former Federal Republic of Yugoslavia, with changes made in the last decade through numerous donor interventions. The system is based on almost 100 separate curricula taught at 56 technical schools. It is reported that 60,000 students are currently enrolled in these schools, which represents 55% of all students in grades 10, 11 and 12 (15 to 17 years old).

The Vocational Education Support Project (VES) implemented by Swisscontact has worked with several schools to improve curricula, as well as develop linkages with potential employers. Danida is supporting a project that works with agriculture schools to improve the services offered to students. GIZ is leading a number of donor initiatives to develop so called Centres of Competence; VET schools with improved facilities and services. USAID and EU initiatives have also supported improved infrastructure and teacher training. Whilst significant progress has been made in the last 10 years in improving the capacity and functions of these schools, there are still significant challenges facing the formal VET system.

The most common criticism of the current VET system though is that it is not catering to the needs of the private sector. Many course curricula are outdated or irrelevant, and training is usually based on what the school offers, not what the market demands.

Despite these obvious problems, the VET system in Kosovo offers opportunities for S4RE. Several of the VET schools have excellent facilities and well trained teachers. Donors are still investing in

Young Women in S4RE

S4RE will promote the inclusion of young women in economic development.

UNDP indicate that in the Dragash, almost 50% of 14 year old girls drop out of school, despite their desire to continue with education and improve their employment opportunities.

Unemployment data from Kamenica indicates that women are disproportionately represented in lacking the education and skills for improving their employment prospects.

Whilst overall economic improvements in these regions will assist young women to gain employment, it is also recognised that 'positive discrimination' may be a useful tool in overcoming the disadvantages suffered by young women in particular.

Life Skills training will include a module on social inclusion and personal health.

One of the facilitators of S4RE will be female, and the target is that young women will be engaged as local service providers wherever possible (target of 25% of local service providers).

these schools, and collaboration with these existing programs offers the opportunity to further develop VET programs that are designed to meet the demands of the private sector.

1.3 S4RE Rationale

This gap between the formal VET system offering and the informal system of vocational training and skills leading to employment and income improvements for rural poor has been identified by HELNETAS Swiss Intercooperation as a significant opportunity for a project. This has been confirmed in discussions with other projects looking at enhancing regional development, including projects implemented by UNDP and GIZ who have both expressed interest in collaborating with S4RE.



Targeted training programs will be a key part of S4RE interventions

With reference to rural/remote areas of Kosovo, other barriers to entry exist for young men and women to enter the formal VET system. This

can be related to physical access, either due to distance or access to transport, or accommodation options in regional centres where VET schools are based.

Another critical issue with regards to access to formal VET training is with high levels of school drop outs in particular for young women in target areas, the minimum education standard for entering formal VET systems may not be achieved.

With regard to ethnic minorities in rural areas, access to suitable training in their own language may not exist. Whilst local schools provide education in their own language, the full range of education options may not be available.

2. Project Idea

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

S4RE is a pro-poor project targeting a community-wide approach, but still emphasising youth, women and minorities within the overall goal of increasing employment and income.

A project strategy has been developed addressing both the supply and demand side of the employment market. The approach encompasses three key intervention areas: Learning Groups targeting young unemployed men and women, Private Sector Training and Skills Development, targeting new and existing employees with a focus on women and Supply Chain Networks targeting also rural families. The intervention package will be tailored to meet the needs of two rural regions of Kosovo, and will include a common set of life skills provided to all participants.

S4RE targets education and social inclusion amongst a range of beneficiaries. The total number of projected direct beneficiaries will be 5,200.

It is foreseen that S4RE will also develop skills amongst project partners within the target regions (both local businesses as well as trainers) that can be used to further expand the reach of the projects interventions. As well as these local skills, S4RE will introduce a methodology for skills development targeting both supply and demand sides which can act as an example for future strategies to target unemployment in more regions of Kosovo.

Implementation of training and skills development activities will be undertaken by locally sourced Service Providers, supervised by S4RE staff. This will include basic skills providers, local

businesses, and trainers from VET schools, as well as consultants where more advanced skills training is required. The focus will be on using locally based trainers. The use of local service providers is a key element of the project that will ensure sustainability of activities beyond the project duration and reach.

Collaboration with existing businesses, projects, and initiatives is central to the project strategy.

3. Project Impact & Outcomes

3.1 Impact Hypothesis

Increased employment and income opportunities will lead to poverty reduction in rural areas of Kosovo. For this to be achieved, both the supply side (skills development) and the demand side (private sector development) of the market system need to be addressed.

The formal VET system is supported by donors and continues to improve, but the system is not meeting all the needs of the unemployed, particularly in rural areas. S4RE will address this gap by providing an informal training and skills development program, using three main intervention strategies – Learning Groups, Private Sector training and Supply Chain linkages.

When linked with existing projects and local initiatives, this multi-target approach is considered the best option for reducing poverty in rural areas.

For the interventions of S4RE to be sustainable, systemic changes to the current skills development structures in rural areas need to be achieved. The purpose of the project therefore includes addressing the opportunities for public and private sector stakeholders collaborating with the project to provide enhanced services to rural communities.

3.2 Goal

The goal of S4RE is to achieve poverty reduction in rural Kosovo through increased employment and income, achieved by addressing the identified gaps in the formal training system.



Horticultural crops offer a great opportunity for self-employment in the target regions

3.3 Outcomes and Outputs

<p>Outcome 1: S4RE will stimulate & support groups of young unemployed¹ to develop locally demanded technical, entrepreneurial & life skills; leading to improved employment and income opportunities</p>	<p>Target Unemployed Youth Aged 16 to 30</p>
<p>Output 1.1: Groups of young unemployed are organised to form groups, and economic opportunities and needs are analysed</p>	
<p>Output 1.2: Training programmes designed and implemented to achieve identified opportunities and needs</p>	
<p>Output 1.3: Employment and self-employment opportunities are improved, and follow up mentoring in place</p>	
<p>Outcome 2: S4RE will collaborate with existing businesses (including self-employed) to develop targeted training programmes that aim to improve productivity, employment, and employment conditions</p>	<p>Target Existing businesses and self-employed</p>
<p>Output 2.1: Training programmes and improvement targets agreed with private sector partners</p>	
<p>Output 2.2: Training is implemented based on agreed targets</p>	
<p>Output 2.3: Existing businesses will be supported in business planning and access to finance, thereby creating greater employment opportunities</p>	
<p>Output 2.4: Productivity, employment and employment conditions are improved</p>	
<p>Outcome 3: Supply chain integration through skills development of small enterprises in the two focus areas with national and regional companies will improve self-employment opportunities</p>	<p>Target Self-employed (or SME) producers</p>
<p>Output 3.1: Value chain market opportunities are identified, and agreements in place with VC actors</p>	
<p>Output 3.2: Skills of suppliers/producers are improved through training and technology transfer, enabling them to access defined market opportunities</p>	
<p>Output 3.3: Relationships are enhanced between actors to improve supply-demand matching in selected value chains</p>	
<p>Outcome 4: S4RE will support locally available service providers to offer skills and training services that are more strongly based on practical training and private-sector linked activities, and are complementary to the formal VET system</p>	<p>Target Training and skills providers</p>
<p>Output 4.1: Training providers are identified and strengthened through project activities, and provider networks are developed</p>	
<p>Output 4.2: Beyond the project activities, the informal training market within the focus areas is serviced by providers supported by S4RE</p>	
<p>Output 4.3: A system of outcome-based payments to training providers is developed and tested</p>	

For a more detailed description of the Outcomes and Outputs, refer to Annex 1 for the full Logical Framework.

¹ Young unemployed are defined as young men and women aged between 16 and 30 years of age

4. S4RE Implementation

To achieve these 4 outcomes, S4RE will be implemented by a local team of facilitators, engaging service providers to undertake the training activities. Whilst a considerable amount of international advisory services are included in the project set up, the management and implementation of the project will be under the guidance of local staff.

S4RE will focus on matching the supply of skills with the demands of the market, leading to improved economic development in the focus regions. Without also stimulating private sector development in the target regions, sustainable change to employment and income opportunities will not be realised.

The following section provides details of the 3 intervention areas (components), including the target number of beneficiaries for each region and activity. As this information shows, the aim of S4RE is not to focus narrowly on one group of beneficiaries in the selected regions, but instead offer a suite of related activities that create opportunities for local unemployed and under-employed people to improve their income and livelihoods.

Annex 2 provides a more detailed Yearly Plan of Operation for 2013.

4.1 Focus Areas

Two areas of Kosovo have been chosen for the first phase of S4RE. These have been chosen based on a number of criteria including rural populations, high unemployment and outward migration (particularly to larger urban centres) and less economic opportunities actually discovered and exploited.

Area 1 (outlined in red on map) is based on the Sharr Mountains in the south of Kosovo. Discussions with UNDP who are active in Dragash highlighted an opportunity to link the activities of their program with the stronger focus on skills development offered by S4RE.

Area 2 (outlined in blue) is in the east of Kosovo around the municipalities of Kamenica and Novo Brdo. Both areas are mountainous with large areas of forest and agricultural land and few major towns.

The population is estimated to be 100,000 across these two areas. For three of four municipalities the share of

Albanian and minority groups is almost equal. Whereas the municipality of Kamenica counts mostly Albanian inhabitants. Both regions have the potential to improve economic activity, in particular by using the local natural resources through agriculture, forest activities and tourism. Regional centres also can benefit from improved manufacturing and service industries.

A detailed analysis of the private sector development potential in these two areas is included in Annex 3.



Figure 1: Regions of Kosovo targeted under S4RE

4.2 Component 1: ‘Young Unemployed’

Component 1 aims to achieve employment, either wage based or self-employed, for rural youth; with an emphasis on young women and minorities.

This intervention will use the ‘Learning Group’ approach, which is based on the principle that skills training programmes that solely look at providing technical skills will not enable people to continue their learning process towards self-employment and economic development. Members of the Learning Groups will acquire problem solving skills and will learn how to mobilise their own resources, and continuously gain skills according to their real needs. Participants will learn how to access external resources and information, and increase their financial literacy.

Groups are formed through a ‘pre-training’ phase with the first outcomes an introspection, discovering own expectations and gaps of knowledge and skills and an assessment of economic opportunities, both results will pass on to the phase of training and skills development. Close collaboration with local businesses and training providers will facilitate the acquisition of practical, entrepreneurial and life skills which are conditions to enter into wage or self-employment.

Learning groups will be formed in cooperation with the Public Employment Service, as well as Youth Centres established in all municipalities. Each cycle of pre-training, training and post-training is completed over 3 to 9 months, depending on the topic and group activity.

After each learning cycle is completed, it is vital that activities and events are organised to continue the exchange among group members. A further initiative to be incorporated after the completion of the Learning Group cycle will be the use of a mentoring program, using a local expert to follow up on group activities and ensure that the lessons learnt during the group phases will be continued.

The possibility of incorporating Saving Groups will also be explored. Saving Groups are based on the idea that members contribute a small amount of money to the group, with the pooled resources used to support members (either individuals or small groups) in business activities. This requires strong commitment and trust between members, and is effective for groups with very low individual resources; for example, groups of young women.

A small Opportunity Fund is included under Component 1 to encourage small business start ups to emerge from the learning group participants. Linkages with other related projects that currently provide financial support to small business enterprises will be a focus of group activities.

4.2.1. Targets

Using data available from the Kosovo census of 2011, combined with locally collated data from Public Employment Centres, S4RE has constructed the following table. The number of beneficiaries for each municipality is also based on identifying which areas have the most economic potential, estimated from the location of major towns, population and current business activity. Whilst the number of beneficiaries trained could far exceed this number, the goal of S4RE is to see gainful employment for the young unemployed being trained, and therefore only a portion of the unemployed are considered for the targets.

Municipality	Inhabitants	Economically Active	Unemployed (15-30)	Target Beneficiaries
Dragash	34,000	8,129	3,550	500
Kamenica	36,000	9,969	4,723	600
Shtpce	7,000	1,638	906	250
Novo Brdo	6,700	1,654	721	250
Total				1,600

Table 1: Population information and beneficiary targets under Component 1

The total of 1,600 beneficiaries is slightly less than in the project proposal prepared in August 2012. This reflects the greater depth of analysis carried out during the planning phase. 50% of these beneficiaries will be women, and 25% representing minority groups.

In addition to the numerical target of 1,600 beneficiaries receiving a mix of technical, entrepreneurial and life skills, it is foreseen that 60% of these beneficiaries will gain employment (either self employed or salary employment) at the completion of the training.

The timing of when these beneficiaries will be captured is also important. Component 1 requires a significant amount of training of service providers and facilitators before direct beneficiaries can be targeted. Whilst this 'learning process' will be undertaken in parallel with developing the groups, the target for year 1 is lower than subsequent years to reflect this build up in capacities.

	Year 1	Year 2	Year 3	Total
Annual Target	200	600	800	1,600

Table 2: Annual targets based on increasing capacity of project staff and service providers

4.3 Component 2: 'Private Sector Training and Skills Development'

Private sector development, in particular cooperating with existing private sector actors, offers one of the best opportunities for short term improvements in employment. This intervention will include two main activities. Firstly, tailored training packages for medium to large businesses, which can increase the productivity of their existing workforce, as well as encouraging the expansion of the workforce by hiring of unemployed people undertaking job-relevant training.

The second activity will aim to link existing small businesses with VET courses or informal training programs to improve the current skills of workers, as well as encouraging new employment. This may be a group of related businesses (such as restaurants, traders etc.) who have a similar training need for only a small number of employees. These will be formed into groups and targeted training provided to them. Other sectors may include service industries such as IT, health, education and finance who currently have high cost structures to support rural areas. Locally trained service providers, linked to existing businesses outside the region, are one avenue to improve efficiency as well as local services.

Both of these activities will require a commitment from the partner businesses to support employees in training. A condition of the training and support provided to private sector businesses will be that newly trained employees will receive higher salaries or improved job security based on an agreed set of criteria, including improved productivity. Improved employment conditions, such as formalising the employment contract, will be encouraged. Trainings should include also unemployed persons which will be after training the new employees.

All activities under this component will be costs shared with the target businesses.



Non-timber forest products, such as blueberries, have a high value and labour demand, as well as existing export markets

4.3.1. Targets

Component 2 targets existing businesses within the target areas, both large employers and small to medium sized enterprises, with the capacity to absorb new employees and improve the productivity for existing employees.

Analysis of the Municipal Development Plans for the 4 target municipalities indicates a total of slightly more than 1,500 registered businesses. This data may include businesses that are not economically active, but also does not capture data for the large number of businesses operating in the informal sector. It is widely recognised that many small enterprises in particular are not registered, but account for a large part of the local economy.

Extensive field work is required to understand the private sector better in each area, but the target is based on the current available data. Less than 5 large businesses (greater than 10 employees) are active in each Municipality, but these will be the first target of intervention. In some cases, these are very large relative to the local population, such as Rematek (a textile company) in Dragash, with 380 employees. Gathering small businesses into groups for training will also be conducted in year 1.

A target of 20 larger businesses is forecast over the life of the project, averaging 20 beneficiaries for each business. In addition, 200 smaller enterprises averaging 3 beneficiaries are included.

	Year 1	Year 2	Year 3	Total
Large Businesses	100	150	150	400
SME Groups	200	200	200	600
Annual Target	300	350	350	1,000

Table 3: Number of beneficiaries under Component 2

To ensure the impact on employment and income from Component 2 goes beyond simple training programs, an agreement will be signed with each private sector actor outlining the changes anticipated through the collaboration with S4RE. This will include the cost sharing agreement with S4RE; the number of existing and new employees to be included; and an indication of the improvements that will be made for employees, be it formalising their employment conditions or an increase in salary or conditions.

Whilst the specific targets will vary depending on the partner, the expectation is that 25% of the beneficiaries will be new employees, predominantly women and youth.

4.4 Component 3: ‘Supply Chain Improvement’

The regions selected for S4RE currently supply a range of products (many of them based on agriculture and forestry) to businesses located outside of the target region. This is most often small family operated enterprises supplying basic products to businesses further along the value chain. The ability to bring these households together and provide them with training to improve business outcomes is strong.

Many existing projects already do this (including HPK, implemented by HELVETAS Swiss Intercooperation) but there are still many opportunities to increase this activity. New participants will be encouraged to enter this system.

An example of such a system has been implemented in Shtpce with a raspberry processor. To improve supply of raspberries, the processor has provided 20 local farmers with raspberry plants. Through collaboration with another project, the processor is providing them with production support, and the project is supporting them with input costs.

Another opportunity is to implement micro-franchising business models within the region. This system of small businesses linking through a main partner is expanding in many developing countries (for more information, refer to Fairbourne et al, 2007 or Lehr 2008). The opportunities to

expand this model of business development and entrepreneurship will be further explored in the planning phase.

10 value chains were identified with the potential to increase employment and income in the regions. The assessment was made based on work by other projects, Municipal Development Plans and the experience of the S4RE staff and advisors².



Livestock are in demand from a range of buyers

	Kamenica	Novo Brdo	Shtpce	Dragash
Non Timber Forest Products/NTFP (wild harvest & cultivated) ³	*	*	**	**
Berries & Fruits	*	*	**	*
Dairy & Livestock	*	*	*	**
Vegetables	*	-	*	-
Honey	*	*	*	*
Textiles & Handicrafts	-	-	*	*
Fibre (wool)	-	-	*	*
Timber	-	-	*	*
Services (IT/Financial)	*	-	*	*
Mining/Quarrying	-	*	-	-

Table 4: Value Chains identified in each Municipality with the potential to generate employment & income

4.4.1. Targets

Of the 10 value chains identified above, 6 have strong employment opportunities, with 4 in agriculture having immediate potential. The 2 non-agricultural value chains are much less developed in each Municipality, and will require additional research and support to capitalise on. S4RE considers it important to stimulate these sectors that can contribute to non-agricultural opportunities for youth and unemployed.

² The scoring system is based on (-) = limited potential, (*) = some market potential but with limited number of participants, and (**) = good market potential and a high number of likely participants.

³ NTFP = Non-timber forest products, including herbs, berries, mushrooms

Based on research of the opportunities, the following beneficiary targets are set for 6 value chains.

	Year 1	Year 2	Year 3	Total
NTFP - Wild harvest	200	400	500	1,100
NTFP - Cultivated	50	100	100	250
Berries & Fruits	100	100	100	300
Dairy & Livestock	100	200	200	500
Honey	50	100	100	250
Textiles & Handicrafts	-	50	50	100
Services (IT/Financial)	-	50	50	100
	500	1,000	1,100	2,600

Table 5: Supply chain beneficiaries targeted through Component 3

4.4.2. Value Chain versus Supply Chain Interventions

Under Component 3, the focus of S4RE is on increasing the skills of beneficiaries so they are better able to capitalise on value chain opportunities that exist in their region. The aim is not to intervene at all levels of the value chain, but rather assist in matching the potential supply ‘resources’ (land, labour, finance) with the existing market opportunity.

S4RE should therefore not be seen as a value chain project, but instead will form strong links with existing projects and private sector actors who are looking to strengthen the supply side of their business. This recognises the existing potential created by projects working on a broader value chain approach.

Demand for NTFP and milk is particularly high from these regions, and offers excellent opportunities for local self-employment. Annex 4 provides a brief summary of these two sectors as part of the opening portfolio for S4RE. The sectors outside of agriculture have been less developed, but have been mentioned by Municipalities and other projects as having a great potential in some areas. Therefore S4RE will focus on establishing market linkages for these in Year 1 of the project, and for the textile/handicraft and services sectors, no direct beneficiary targets are set in Year 1.

S4RE will work with exiting projects, such as UNDP in Dragash, who are working to develop the non-agriculture value chains. Further beneficiaries may be targeted based on this collaboration, as well as targeting smaller value chains if resources permit, for example vegetables and fibre.

4.5 Common Component: Life Skills Development

Successful integration of unemployed youth, women and minorities into private sector employment (either wage or self employment) requires more than technical skills and training. A number of social difficulties and broader education gaps affect all these groups, and successful learning group projects in other countries have shown the need to address a broad base of training needs.

Examples are literacy and numeracy, financial planning, social inclusion, citizenship education and personal health. These are broadly categorised as ‘life skills’ and improving them will be a focus of all activities of S4RE. Within the learning group training, as well as working with private sector actors, these factors will be addressed in culturally sensitive ways. Local partners, from the same social group, will be utilised for this activity.

4.6 Capacity Development of Training Providers

Outcome 4 of the project relates to the capacity development of training providers utilised by S4RE. The objective is to ensure these providers are given adequate training themselves to be able to deliver services to not only our project, but also to other projects and private sector actors in the focus areas.

This will be achieved by 'training of trainer' activities, as well as ensuring the business skills taught to all participants is also available to the service providers. These providers will also be encouraged to develop networks between themselves to further support sustainability in their activities.

Experiences of HELNETAS Swiss Intercooperation proved an innovation to be effective, the inclusion of the training providers in job placement. A system of result based payments in part, with a considerable incentive after a successful placement makes it economically interesting for training providers to offer trainings demanded by the market, and at an appropriate quality level, both ensures a successful insertion into the labour market. S4RE will introduce iteratively that innovation in close cooperation with the training provider market, the donor community and related ministries as the Ministry of Education, Science and Technology (MEST) Ministry of Labour & Social Welfare (MLSW).

4.7 Access to Finance

Economic activities require adequate financing to be properly implemented. For this reason, S4RE will focus on a number of activities under the cross-cutting theme of access to finance.

Beyond basic training on business planning, Component 1 also includes a small "opportunity fund" to support new entrepreneurs to establish business activities. Linkages to micro-finance institutions will also be strengthened, and information on business start-up grants will be made available.

Component 2 will include a dedicated Output related to improving the skills of existing businesses to develop Business Plans, and prepare proposals for financing, either from commercial finance providers or through the grant programs offered, for example the World Bank/Ministry of Agriculture grants program to be implemented from 2013. Similarly, for Component 3, there is support available from various donor and government programs for improving value chains in rural Kosovo, and support to access these will be provided.

4.8 Sustainability

According to the meta-evaluation about Vocational Skills Development of GIZ (Stockman & Silvestrini, 2012), main key success factors for sustainability in Skills Development programs are: ownership, qualified personnel, flexible steering and compatibility with the national context.

Ownership: S4RE will work closely with the local government administrations to meet program objectives and long-term sustainability requirements. Other major partners are private sector and industry associations, who will directly benefit from products and services, and will be vital for providing the needed recognition and acceptance. Access to services and facilities, such as training spaces, land and market places, will be expected from partners.

Qualified Personnel: The approach of S4RE to have a small number of staff working with locally based service providers will build the overall capacity of training provision in the regions. This is important to ensure training is ongoing, and future opportunities can be successfully implemented.

Flexible Steering: The project will follow a strategy of regularly assessing progress and challenges for implementation. The cyclical nature of the Learning Groups and training programs will allow for changes to be implemented regularly. This structure of interventions allows for rapid changes to be incorporated into the project, and flexible steering of the project will further facilitate this approach.

4.9 Longer Term Vision

This proposal for S4RE is based on a 3 year intervention phase. However, HELNETAS Swiss Intercooperation considers this part of a longer term vision that will allow the strategy of addressing both the supply and demand side of skills development to be extended to more regions.

This vision is based on the assessment in Section 2 (Background and Rationale) that demonstrates Kosovo needs to address a country-wide unemployment situation which sees more than half of all youth facing long term unemployment. With at least 30,000 young people entering the labour market

each year, the problem requires systemic interventions covering more than a single 3-year project phase.

Any future extension of the project will be based on a mid-phase review, scheduled to occur in mid-2014.

5. Stakeholders and Partners

5.1 Stakeholder participation

In the target regions of S4RE a range of stakeholders and partners will be included in project activities. This includes public and private organisations and national and international NGOs and projects. The following table covers some key stakeholders and likely collaboration.

Stakeholder	Collaboration
Municipalities	Local Authorities, who have the common problem of unemployed youth, will be encouraged to exchange experiences on how skills training have contributed towards job creation of the young people coming from their communities.
Public Employment Service (PES)	These are located in each Municipality, but are financed and controlled by the Ministry of Labour & Social Welfare (MLSW). They register unemployed people, provide social payments and provide limited training and work placement services. S4RE will work closely with them on targeting unemployed youths in particular for Learning Groups.
Youth Centres	Youth Centres have been established in all Municipalities, supported by a World Bank funded project. These centres have been visited in the 4 municipalities of the target areas, and will be important partners in identifying and organising groups of young people for Component 1 in particular.
Ministry of Labour & Social Welfare (MLSW) & Ministry of Education, Science and Technology (MEST)	MLSW is the Government agency responsible for administering unemployment tasks, including Unemployment Centres and distribution of social payments. MEST manages the VET schools, and close collaboration is foreseen with these schools and departments.
Local & National Businesses	They will be consulted to identify type of skills in demand, coordinate with them on-the-job training and identify business opportunities for self-employment. Market linkages will be established with both local and national businesses.

5.2 Related Projects in Kosovo

S4RE is operating in an area with significant support from donors on a range of projects and interventions. HELVETAS Swiss Intercooperation has completed a donor mapping exercise in late 2011 to assess current activities in several sectors of development in Kosovo, including in education. This showed that current and planned project interventions total more than €85 million from 15 donors. Although the majority of this investment is aimed at infrastructure and teacher training, there are several projects which S4RE will collaborate with, and the important ones are summarised below.

Enhancing Youth Employability (EYE) – HELVETAS Swiss Intercooperation

This new project financed by SDC will be implemented by HELVETAS Swiss Intercooperation, together with the local partner MDA (a local company), and commenced in the second half of 2012.

The implementation methodology will follow the M4P framework, and cover a national program of matching supply and demand of employment needs. Close collaboration is envisaged between EYE and S4RE.

SwissContact – Vocational Education Support (VES)

VES is supported by SDC, operating since 2004, and has recently had an extension of its activities until July 2013. The focus of this project has been direct support to 10 VET schools around Kosovo. The project has also supported the Ministry of Education with improving curricula for these schools.

UNDP – Sustainable Land Use Management (Dragash)

UNDP is active in Dragash, one of the important municipalities in the Sharr Mountains. Initial discussions with them have indicated a willingness to participate in joint activities to improve local economic development. The project is working strongly on a value chain approach in Dragash to identify and strengthen those sectors with the potential to create economic opportunities.

USAID – New Opportunities in Agriculture

This project focuses on agriculture value chains, and will be a close partner to enhance the impact of S4RE under, in particular, Component 3. It should be noted that HELVETAS Swiss Intercooperation is a sub-contractor to this project, with 3 long term experts and 2 advisors provided under the contract. The International Advisor to S4RE is also working as an Advisor to NOA, further strengthening the potential for collaboration.

USAID – Young Entrepreneurs Project (YEP)

YEP’s core activity is supporting young entrepreneurs with business training and start up funding for small business development. They are also working with some ‘supply chain’ interventions similar to that proposed under S4RE, and this is an area of collaboration that will be elaborated under the initial phase. HPK already has a Memorandum of Understanding with YEP to assist with agriculture related projects, as well as assessing business planning.

GIZ – Regional Development and Enhancing Sector Competitiveness

GIZ is implementing two projects related to S4RE, one on regional development currently targeting the south and east regions of Kosovo, and a second project on enhancing sector competitiveness. GIZ have indicated that training and skills development are not specifically covered by their activities, and welcome collaboration with our project. GIZ is also undertaking a project creating Centres of Competence in 7 VET schools in Kosovo which can support training activities of S4RE.

6. Project Organisation

The following staff and advisors have been contracted under the S4RE project. Luan Hoti, Stuart Pettigrew, Johann-Peter Porten and Flutura Vidishiqi have all commenced work in 2012 (planning phase) with remainder of staff and advisors contracted for 2013 onwards.

6.1 Project Staff:

Position	Name	Key Tasks	Status
Project Manager	Luan Hoti	Overall management of project Responsible for Component 2	Full time (from Jan 1 st 2013)
Project Officer (Skills & Training)	Mimoza Mirashi	Responsible for Component 1 Support to training programs	Full time (from Jan 1 st 2013)
Project Officer (Agribusiness)	Basri Pulaj	Responsible for Component 3 Support to value chain activities	Full time (from Jan 1 st 2013)
Administration Assistant	Flutura Vidishiqi	Administrative and Project Support Support to Outcome 4	Full time (from Nov 19 th 2012)

6.2 Project Advisors:

Position	Name	Key Tasks	Status
Project Advisor	Stuart Pettigrew	Support to project manager Advice on private sector & value chains	20 days per year
Skills Development Advisor	Johann-Peter Porten	Advice on skills development in the Kosovo context	12 days per year
Gender Advisor	Jane Carter	Advice on gender related issues	10 days - year 1
Learning Groups Advisor	Ralph Rothe	Workshop in 2013 on Learning group methodology	12 days – year 1

6.3 Reporting

Targets and activities will be developed using the 'Results Chain' approach. The project manager will report against these targets in annual reports to the donors, via HELNETAS Swiss Intercooperation.

Day-to-day management of the project will rest with the project manager, who will in turn report to the HELNETAS Swiss Intercooperation head of the regional unit for Eastern Europe, based in Switzerland. (or alternatively a country/regional manager if this is established in the Western Balkan region).

6.4 Monitoring & Evaluation

The monitoring system of S4RE will be based on small surveys within the focus areas. These surveys will be designed to capture the current situation of the target groups, and to track the changes brought about through project interventions. As each learning cycle is a defined activity, tracer surveys of these will form the basis of the monitoring, and be reported via annual reports.

7. Assessment of Risks

The following table identifies some of the risks associated with the proposed S4RE project, and comments on how the project will address the mitigation of these.

Political:	
Risk: Political instability, Regional conflicts, Municipality elections (2013)	Mitigation: Ensuring that activities are placed predominantly in the private sector, with support from public agencies, will reduce the political aspect of project activities
Social:	
Risk: Willingness or social acceptance of changes	Mitigation: Use of local service providers, provision of services by minority and women trainers, participation of public and private sector actors known in the regions
Natural:	
Risk: Natural disasters/weather related issues, Climate change	Mitigation: Disaster risk reduction by emphasising improved business, financial and environmental management is to be included in all training modules.
Economic:	
Risk: Ability of local economy to expand, national economic development	Mitigation: Expand activities beyond local area, create linkages and collaboration with existing programs with substantial funding (YEP, EYE, UNDP etc)
Institutional:	
Risk: Local government capacities, reliability of service providers	Mitigation: S4RE facilitators will liaise closely with partners and stakeholders to identify and react to any issues as they arise

8. Selected Literature

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Statistical of Kosovo (2011), 'Preliminary Data from Census, Table 1 Dwellings, Households and Population by Municipality' < <http://esk.rks-gov.net/rekos2011/?cid=2,40,265> >

Statistical Office of Kosovo (2009) 'Series 5: Social Statistics Results of the Labour Force Survey 2009'

Stockmann, R., Silvestrini, S (2012) Synthese und Meta-Evaluierung Berufliche Bildung. Herausgeber: GIZ.

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UNDP (2011) 'Kosovo Human Development Report 2010'

World Bank (2010) Report no. 53185-xk 'Unlocking Growth Potential: Strategies, Policies, Actions - A country Economic Memorandum', Poverty Reduction and Economic Management Unit, Europe & Central Asia Region

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Annex 1: Logical Framework S4RE

S4RE Logical Framework

Overall Project Goal	Poverty Reduction in rural Kosovo through targeted training and skills development, leading to increased employability
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Hierarchy of Objectives	Key indicators	Source of Verification	Assumptions & Risks
1. Outcome 1. S4RE will stimulate & support groups of young unemployed to develop locally demanded technical, entrepreneurial & life skills; leading to improved employment and income opportunities			
	At least 1,600 beneficiaries are trained through group activities, with 50% of these young women and 25% minorities.	Facilitator contracts will require reporting on members of groups	Facilitators and young unemployed can be found in each of the target municipalities
1.1 Groups of young unemployed are organised to form groups, and economic opportunities and needs are analysed			
	Target of 20 participants per group, with 10 groups in Year 1, 30 groups in Year 2 and 40 groups in year 3	Annual and half year reports	Young unemployed men and women are willing to form groups for skills and training.
Activities Activity 1.1.1: Select group facilitators for each regions and train them in learning group methodology Activity 1.1.2: Select possible group members of young unemployed based on defined criteria, Activity 1.1.3: Facilitators facilitate (self-)diagnostic processes exploring visions for personal development of each member Activity 1.1.4: Facilitators train and guide the application of RAS/Learning Group methodology			
1.2 Training programmes designed and implemented to achieve identified opportunities and needs			
	Training programs designed for each group.	Project officers monitoring of training providers	The skills are available in Kosovo to design training programmes

Hierarchy of Objectives	Key indicators	Source of Verification	Assumptions & Risks
<p>Activities</p> <p>Activity 1.2.1: established groups implement RAS and to explore suitable economic potentials</p> <p>Activity 1.2.2: groups implement training needs analysis based on suitable economic potentials, actual competences and vision for personal development of each member</p> <p>Activity 1.2.3: map appropriate training providers or/and resource persons to provide skills training</p> <p>Activity 1.2.4: contract training providers based on quality and result based payment principles</p>			
<p>1.3 Employment and self-employment opportunities are improved, and follow up mentoring in place</p>			
	<p>At least 60% of beneficiaries move into employment of self-employment after training.</p> <p>Jobs through migration may also occur, and should not be excluded from data</p>	<p>Tracer surveys will be undertaken through group facilitators</p>	<p>Local economic development allows new employment and entrepreneurs to develop.</p>
<p>Activities</p> <p>Activity 1.3.1 support the placement of the group members into companies</p> <p>Activity 1.3.2 establish coaching system for wage-employees</p> <p>Activity 1.3.3 support self-employment</p> <p>Activity 1.3.4 facilitate access to financial services</p>			
<p>2. Outcome 2. S4RE will collaborate with existing businesses (including self-employed) to develop targeted training programmes that aim to improve productivity, employment, and employment conditions</p>			
	<p>A total of 1,000 employees (and potential employees) will be trained and enter employment or see improved employment conditions</p>	<p>MOUs signed with partner businesses to state objectives, which will be measured after training</p>	<p>Businesses are willing and able to increase employment and conditions.</p>
<p>2.1 Training programmes and improvement targets agreed with private sector partners</p>			
	<p>A target of 20 large businesses (>10 employees) and 200 small businesses will collaborate with S4RE</p>	<p>Project officers to report on number of participants via half year and annual reports</p>	<p>Businesses are able to communicate training needs</p>
<p>Activities</p>			

Hierarchy of Objectives	Key indicators	Source of Verification	Assumptions & Risks
<p>Activity 2.1.1 Identify and map target businesses, agree on projects interventions Activity 2.1.2 Facilitate training needs analysis and identify training providers or resource persons Activity 2.1.3 Sign MOUs regarding training provision and corresponding cost-sharing agreements Activity 2.1.4 Contract training providers to conduct agreed trainings</p>			
<p>2.2 Training is implemented based on agreed targets</p>			
	<p>400 trainees from large businesses and 600 from smaller businesses are trained</p>	<p>Training providers to report on all activities</p>	<p>Employees are willing and able to participate in training courses</p>
<p>Activities Activity 2.2.1 Support design of quality trainings Activity 2.2.2 agree on modality of training provision and of payment Activity 2.2.3 monitor training and assess training results in cooperation with experienced resource persons Activity 2.2.4 monitor application of new trained skills and measure results</p>			
<p>2.3 Existing businesses will be supported in business planning and access to finance, thereby creating greater employment opportunities</p>			
	<p>20 large and 200 small businesses will be offered support on business planning, with at 50% undertaking planning activities</p>	<p>Business plans will need to be submitted to S4RE</p>	<p>Low level of existing business skills may require significant resources to be used on this activity</p>
<p>Activities Activity 2.3.1 Identify appropriate service providers and resource persons to assists companies in business planning Activity 2.3.2 Identify finance service providers discuss and agree on finance packages and cooperation modalities Activity 2.3.3 Link target companies to financial service providers Activity 2.3.4 Coach companies to comply with repayment obligations</p>			
<p>2.4 Productivity, employment and employment conditions are improved</p>			
	<p>1000 beneficiaries are trained, with at least 250 being new employees, predominantly youth and women. Conditions are improved based on agreed MOUs with partners</p>	<p>Audit of employment and conditions after training, undertaken by project officers</p>	<p>Business conditions allow for new employees to be hired after training. Training is able to deliver improvements in productivity</p>

Hierarchy of Objectives	Key indicators	Source of Verification	Assumptions & Risks
<p>Activities Activity 2.4.1 Monitor and coach implementation of proposed changes and /or innovations Activity 2.4.2 Support companies to analyse feasibility for increase number of staff Activity 2.4.3 Support companies to improve employment conditions for existing staff</p>			
<p>3. Outcome 3. Supply chain integration through skills development of small enterprises in the two focus areas with national and regional companies will improve self-employment opportunities</p>			
	<p>A total of 2,600 self-employed people are economically active in at least 6 value chains targeted by S4RE</p>	<p>Surveys of participants to be undertaken within the market period for the relevant VC</p>	<p>National and regional companies have the economic capacity to increase the number of suppliers. Suppliers are able to produce the products (and services) required by the market actors</p>
<p>3.1 Value chain market opportunities are identified, and agreements in place with VC actors</p>			
	<p>6 Value Chains are identified and market opportunities analysed with current actors</p>	<p>Value chain reports prepared for main sectors in each region of S4RE</p>	
<p>Activities Activity 3.1.1 Assessment of the different value chains which impacts on the overall self-employment in selected municipalities Activity 3.1.2 Identify at least 6 value chains through the discussion with major stakeholders in selected areas of intervention Activity 3.1.3 Create sustainable linkages between producers –suppliers and buyers- interested firms and companies in the regions</p>			
<p>3.2 Skills of suppliers/producers are improved through training and technology transfer, enabling them to access market opportunities</p>			
	<p>Training programs are developed with VC actors, and a total of 150 groups are trained – 30 in Year 1, 60 in Year 2 and 60 in Year 3</p>	<p>Project officers to report on groups and activities</p>	<p>Skills and training providers are available that can develop and deliver training</p>

Hierarchy of Objectives	Key indicators	Source of Verification	Assumptions & Risks
<p>Activities</p> <p>Activity 3.2.1 Assessment of the relevant trainings on value chain of different crops</p> <p>Activity 3.2.2 Identify trainings in best agricultural practices, post harvest - processing and rapid market appraisal</p> <p>Activity 3.2.3 Develop information on opportunities in non-agricultural value chains in collaboration with other projects (e.g. GIZ, UNDP)</p> <p>Activity 3.2.4 Development of the curricula's on the different trainings on the value chains</p>			
<p>3.3 Relationships are enhanced between actors to improve supply-demand matching in selected value chains</p>			
	<p>Supplier meetings are conducted with all supplier-buyer relationships stimulated by S4RE, with market opportunities shared between actors</p>	<p>Reports from project officers</p>	<p>Buyers are willing to meet with supplier groups and share market information</p>
<p>Activities</p> <p>Activity 3.3.1 Share market information between key actors of the value chain</p> <p>Activity 3.3.2 Facilitate market linkages between VC actors through participation in different events e.g.fairs local and regional</p> <p>Activity 3.3.3 Improve market access for the existing suppliers</p>			
<p>4. Outcome 4. S4RE will support locally available service providers to offer skills and training services that are more strongly based on practical training and private-sector linked activities, and are complementary to the formal VET system</p>			
	<p>At least 1 local service provider is available for each of the groups formed under Components 1 to 3</p>	<p>Database of providers</p>	<p>S4RE is able to identify and build capacities of local service providers</p>
<p>4.1 Training providers are identified and strengthened through project activities, and provider networks are developed</p>			
	<p>Mapping of service providers identifies suitable service providers.</p>	<p>Database of service providers maintained by S4RE and published on project's website</p>	

Hierarchy of Objectives	Key indicators	Source of Verification	Assumptions & Risks
<p>Activities Activity 4.1.1 Complement mapping of suitable training providers initiated under activity 1.2.3 Activity 4.1.2 Facilitate dialogue of identified training providers with companies interested in skills development Activity 4.1.3 Assist training providers to improve existing curricula or develop new ones based on competences Activity 4.1.4 Assist training providers in creating networks to share good practices for training and cooperation with private sector</p>			
<p>4.2 Beyond the project activities, the informal training market within the focus areas is serviced by providers supported by S4RE</p>			
	<p>At least 50% of the service providers supported by S4RE are able to provide services outside of the project</p>	<p>Tracer surveys of training providers</p>	<p>Other projects or private sector actors interested in service provision</p>
<p>Activities Activity 4.2.1 Assist training providers to develop business models which are feasible and marketable training offers Activity 4.2.2 support training providers to marketing training products Activity 4.2.3 Support training providers and its network to getting official recognition and accreditation</p>			
<p>4.3 A system of outcome-based payments to training providers is developed and tested</p>			
	<p>Contracts are designed and tested that include outcome based payments structures by year 3 of S4RE</p>	<p>Contracts</p>	<p>Outcome based payments are accepted by service providers</p>
<p>Activities Activity 4.3.1 Assist training providers to assess market opportunities for skills Activity 4.3.2 Facilitate cooperation with financial service providers enabling training providers to link trainees for self employment to feasible financial services Activity 4.3.3 Assist training providers to creating a network of experts to provide mentorship for self-employed and new micro/small enterprises Activity 4.3.4 Assist training providers to design a outcome based payment modality and support its introduction through monitoring and support to improvement</p>			

Annex 2: Yearly Plan of operation (2013)

YPO 2013 Draft Activity Planning S4RE							
Note: This YPO will be revised at a workshop in the second week of February 2013 once the full S4RE team is in place, and first activities for 2013 have commenced							
Overall Project Goal							
Poverty Reduction in rural Kosovo through targeted training and skills development, leading to increased employability							
ACTIVITIES		Quarters				Responsibility (<u>MAIN</u> /Support)	TARGETS
		Q.1	Q.2	Q.3	Q.4		
Outcome 1	S4RE will stimulate & support groups of young unemployed to develop locally demanded technical, entrepreneurial & life skills; leading to improved employment and income opportunities					Mimoza	
Output 1.1	Groups of young unemployed are organised to form groups, and economic opportunities and needs are analysed						20 participants per group, with 10 groups
Activity 1.1.1	Select group facilitators for each regions and train them in learning group methodology						At least 8 facilitators (2 per municipality)
a	International consultancy - training on learning groups methodology						Ralph Rothe consultancy

Activity 1.1.2	Select possible group members of young unemployed based on defined criteria,						
a	Use local facilitators as well as Public Employment Centres, Youth Centres and other resources to attract participants						
Activity 1.1.3	Facilitators support (self-)diagnostic processes exploring visions for personal development of each member						
Activity 1.1.4	Facilitators train and guide the application of RAS/Learning Group methodology						
Output 1.2	Training programmes designed and implemented to achieve identified opportunities and needs						
Activity 1.2.1	Established groups implement RAS and to explore suitable economic potentials						20 groups
Activity 1.2.2	Groups implement training needs analysis based on suitable economic potentials, actual competences and vision for personal development of each member						Each group training takes 3 to 9 months depending on activity
Activity 1.2.3	Map appropriate training providers and resource persons to provide skills training for each Municipality						
Activity 1.2.4	Contract training providers based on quality and result based payment principles						At least 5 training providers contracted in each Municipality
Output 1.3	Employment and self-employment opportunities are improved, and follow up mentoring in place						
Activity 1.3.1	Support the placement of the group members into companies						At least 60% of the group members supported
Activity 1.3.2	Establish coaching system for wage-employees						
Activity 1.3.3	Support self-employment						

a	Training on entrepreneurship and business planning is implemented					
Activity 1.3.4	Facilitate access to financial services					
a	Identify most appropriate MFI partner and methodology for financial support					MOU signed with MFI partner
Activity 1.3.5	Develop tracer surveys with group participants to monitor results					
a	Design tracer surveys and train facilitators on gathering data for these					
Outcome 2	S4RE will collaborate with existing businesses (including self-employed) to develop targeted training programmes that aim to improve productivity, employment, and employment conditions				Basri	1,000 employees trained
Output 2.1	Training programmes and improvement targets agreed with private sector partners					20 large businesses
Activity 2.1.1	Identify and map target businesses, agree on projects interventions					
a	Work with Municipal Development officers and business groups to identify local partners					
Activity 2.1.2	Facilitate training needs analysis and identify training providers or resource persons					
Activity 2.1.3	Sign MOUs regarding targets, training provision and corresponding cost-sharing agreements					20 MOUs signed with large and small businesses
a	Identify large businesses as well as a number of smaller groups of businesses					

Activity 2.1.4	Contract training providers to conduct agreed trainings						5 training providers contracted
Output 2.2	Training is implemented based on agreed targets						100 trainees from larger and 200 small businesses trained
Activity 2.2.1	Support design of quality trainings						
Activity 2.2.2	Agree on modality of training provision and of payment						
Activity 2.2.3	Monitor training and assess training results in cooperation with experienced resource persons						
Activity 2.2.4	Monitor application of new trained skills and measure results						
Output 2.3	Existing businesses will be supported in business planning and access to finance, thereby creating greater employment opportunities						
Activity 2.3.1	Identify appropriate service providers and resource persons to assist companies in business planning						5 service providers identified
Activity 2.3.2	Identify finance service providers discuss and agree on finance packages and cooperation modalities						
Activity 2.3.3	Link target companies to financial service providers						
Activity 2.3.4	Coach companies to comply with repayment obligations						

Output 2.4	Productivity, employment and employment conditions are improved						300 beneficiaries are trained, at least 25% new employees
Activity 2.4.1	Monitor and coach implementation of proposed changes and /or innovations						
a	Design monitoring tool for tracer surveys of employment and improved conditions						
Activity 2.4.2	Support companies to analyse feasibility for increase number of staff						
Activity 2.4.3	Support companies to improve employment conditions for existing staff						
Outcome 3	Supply chain integration through skills development of small enterprises in the two focus areas with national and regional companies will improve self-employment opportunities					Luan	
Output 3.1	Value chain market opportunities are identified, and agreements in place with VC actors						
Activity 3.1.1	Assessment of the different value chains which impacts on the overall self-employment in selected municipalities						
Activity 3.1.2	Identify at least 6 value chains through the discussion with major stakeholders in selected areas of intervention						
a	Analyze NTFP value chain and start with implementation						
b	Analyze Berries and Fruit and start with implementation						
c	Analyze diary and livestock value chain and start implementaion						

d	Analyze honey value chain and start implementation						
e	Collaborate with GIZ , UNDP, and other projects to analyse textile/fibre and services value chains, and identify intervention options						
Activity 3.1.3	Create sustainable linkages between producers – suppliers and buyers- interested firms and companies in the regions						
a	Organize B2B meetings in each region						
Output 3.2	Skills of suppliers/producers are improved through training and technology transfer, enabling them to access market opportunities						
Activity 3.2.1	Assessment of the relevant trainings on value chain of different crops						
a	Organize round tables for assesing training needs						
Activity 3.2.2	Identify trainings in best agricultural practices, post harvest - processing and rapid market appraisal						
a	Training in best agricultural practices, post harvest, procesinng and marketing						
Activity 3.2.3	Develop information on oppourtunities in non-agricultural value chains in collaboration with other projects (e.g. GIZ, UNDP)						
a	Participate on different events for strengthening coolaboration with othe donor agencies						
Output 3.3	Relationships are enhanced between actors to improve supply-demand matching in selected value chains						500 suppliers are trained and linked with market oppourtunites

Activity 3.3.1	Share market information between key actors of the value chain						
a	Organize regular meetings and round tables						
Activity 3.3.2	Facilitate market linkages between VC actors through participation in different events e.g.fairs local and regional						
a	Facilitate participation to local and regional fairs						Participation to at least one local and regional fair
Activity 3.3.2	Improve market access for the existing suppliers						
a	Assist partners to identify market opportunities and barriers, and develop business plans to address these						
Outcome 4	Outcome 4 S4RE will support locally available service providers to offer skills and training services that are more strongly based on practical training and private-sector linked activities, and are complementary to the formal VET system					Flutura	
Output 4.1	Training providers are identified and strengthened through project activities, and provider networks are developed					At least 1 local SP is available for each training activity in each region	
Activity 4.1.1	Complement mapping of suitable training providers initiated under activity 1.2.3						
Activity 4.1.2	Facilitate dialogue of identified training providers with companies interested in skills development						
Activity 4.1.3	Assist training providers to improve existing curricula or develop new ones based on competences						
a	Identify interested SP for development of curricula						

Activity 4.1.4	Assist training providers in creating networks to share good practices for training and cooperation with private sector						
Output 4.2	Beyond the project activities, the informal training market within the focus areas is serviced by providers supported by S4RE						
Activity 4.2.1	Assist training providers to develop business models which are feasible and marketable training offers						
Activity 4.2.2	Support training providers to marketing training products						
Activity 4.2.3	Support training providers and its network to getting official recognition and accreditation						
Output 4.3	A system of outcome-based payments to training providers is developed and tested						
Activity 4.3.1	Assist training providers to assess market opportunities for skills						
Activity 4.3.2	Facilitate cooperation with financial service providers enabling training providers to link trainees for self employment to feasible financial services						
Activity 4.3.3	Assist training providers to creating a network of experts to provide mentorship for self-employed and new micro/small enterprises						
Activity 4.3.4	Assist training providers to design a outcome based payment modality and support its introduction through monitoring and support to improvement						

Annex 3: Private Sector and Economic Development Potential

Introduction

The following information has been compiled using the Municipal Development Plans from each of the 4 main municipalities included in S4RE. The information is mostly based on registered businesses, and therefore excludes the large, informal economy which contains many of the small and micro businesses in these regions. For example, in Dragash only 1% of registered businesses are agricultural, although it is known that this is a significant industry in the region.

1. Sharr Mountains (Region 1)

The Sharr Mountains region covers the southern border of Kosovo, and is shared with both Macedonia and Albania. It is home to large areas of high quality nature reserves (including Kosovo's only formal national park) which are linked with additional and planned reserves in Albania and Macedonia. The Sharr Mountains are also included in several international registers for its flora and fauna.

Economic development is low, having suffered after the breakup of the former Yugoslavia in a similar way to other areas of Kosovo. Several larger State Owned Enterprises closed or reduced employment significantly after 2001. The remote areas of this region also have lower access to education opportunities, and infrastructure is generally poor.

However, the natural resources of this area have significant opportunities for economic development. This does not only include harvesting of the resources (timber, NWFP, mining etc) but also high value sectors such as tourism and niche/organic agriculture. The climate is suitable to a range of high value agricultural products, including dairy, honey and fruits. Traditional industries, including handicrafts and cultural heritage, also add to the tourism opportunities. The proximity to Macedonia and Albania, who are similarly looking to utilise the natural heritage of these mountain areas, offers strong possibilities for cross border initiatives.

Several projects and donors already operate in this area, but all those spoken to regarding S4RE see the chance for collaboration to improve their outcomes.

Helvetas Swiss Intercooperation considers this region has significant, under-developed opportunities for local economic development.

2. Northeast Kosovo (Region 2)

This region is also based strongly on rural and natural areas, with a few smaller urban centres. The region borders with Serbia, which in the short term at least, remains closed to collaboration with Kosovo.

The region is well known for agriculture, but with much of this comprising wheat and maize production, the opportunity exists to move to higher value production. With around 200 hectares of orchards and vegetable production, horticultural production is not a major industry around Kamenica, but the region also possesses vast areas for the harvesting of wild herbs, berries and mushrooms (NWFP).

Novo Brdo has strong opportunities for economic development outside of agriculture, with a history of mining and newer strategies for increasing tourism. Its proximity to Pristina offers opportunities for tourism, and the region has an active tourist bureau and several small family-based tourism operators. The opportunity for industries like manufacturing also exists. Kamenica has several closed state owned enterprises in manufacturing, but two small breweries are still operational.

3. Public Sector

The public sector in each Municipality is the largest formal employer. For example, in Dragash, the number of workers in the public sector is put at 950, compared with 1160 for all registered businesses. Whilst this does not take into account the very large informal employment market, it does demonstrate the importance of the public sector in these regions. S4RE will also look to include parts of the public sector in project interventions.

4. Private Sector Opportunities

The aim of S4RE is to respond to opportunities in each region, based on close consultation with employment agencies, local businesses, municipalities, existing projects and initiatives, but also the unemployed themselves. This approach will help define the areas of most promise in creating new employment opportunities, as well as strengthening existing employment.

The initial analysis by Helvetas Swiss Intercooperation in preparing this proposal, as well as experience of HPK staff, highlights several sectors as having the most potential to create opportunities.

5. Agriculture & Agricultural Processing

Agriculture covers an extremely wide range of activities, from collection of mushrooms to fish farming and honey production, through to fruit and vegetable production and livestock. All of these sectors are currently major activities for rural families, but often as a subsistence or non-commercial activity. This is also reflected in data showing that less than 2% of registered businesses in Kosovo are in agriculture, but it is estimated to make up around 15% of total employment. The potential exists to not only significantly increase the income and employment generation from these sectors, but also work towards formalising this large employment generated.

For this to become a serious option for increasing employment and income of young people, a move away from traditional farming is required. Improving market access through linkages to national companies, as well as improving the skills of local producers, is seen as the necessary first step to realise this potential.

6. Opportunities & Partners

Milk

Kosovo is a major importer of milk products, yet it has great potential to be an exporter. The issue is lack of primary production. Major milk producers such as Bylmeti, Abi-Progres and Vita all rely on imported milk products, yet all want to expand their collection and processing within Kosovo. Linkages to these companies will be a key strategy of S4RE.

NWFP

The Sharr Mountains are one of the main collection areas for these products in Kosovo. Five main operators currently dominate the collection, processing and export of NWFP, and four of them are also located within the regions of S4RE. The main actors are Hit Flores (Dragash), Eurofruti (Novo Brdo), Fungo FF (Kamenica), Scardus (Shtrpce) and APS (outside the region). To protect the natural resource from over-exploitation, a focus will also be made on encouraging landholders to increase the cultivation of these products. This links with activities of HPK, as well as ongoing projects of MAFRD, GiZ, USAID and UNDP.

Fruits & Vegetables

As with milk, Kosovo has the potential to export large volumes of both fresh and processed horticultural products, yet remains a net importer. By linking to national processors, S4RE will aim to increase the production of fruits and vegetables, and provide raw material to expanding processors. Main processing companies include Progres (located in Prizren), Ask Foods and MOEA.

Others

Sectors including fish farming, bee keeping, organic products, food processing, chicken farming and other livestock activities are all practiced in the regions, and will all be assessed for potential employment and income opportunities. In particular, honey production is considered a high priority activity in Dragash and Shtrpce.

Tourism & Hospitality

With the exception of Kamenica, tourism is viewed by the Municipalities as a major opportunity for increasing economic activity and impacting on employment. Dragash has been supported by UNDP to develop tourism opportunities, but to date this is limited.

Both regions offer significant tourism opportunities though. The Sharr Mountains is well known for winter sports (skiing) both in Macedonia and Kosovo, although the facilities in Kosovo are in poor condition. A new ski slope has been created in Dragash but is yet to become fully operational. The ski centre in Bresovica (Shtrpce) is in poor condition, and is yet to be privatised fully, but was a famous location during the Yugoslav period, and has a high potential to again be a main tourist location in Kosovo.

Novo Brdo has a tourism strategy (and a functioning tourism office) and 18 businesses are registered offering tourism services, including accommodation and function centres. The old castle in Novo Brdo is a major tourist opportunity, as is its proximity to Pristina.

All of the selected regions in S4RE offer abundant natural attractions, and the Sharr Mountains also boast one of the last areas where brown bears and wolves can be seen in the wild in continental Europe.

'Trade' (mostly small shops) are the highest number of private sector businesses in each region, followed by 'hospitality', which relates mostly to small cafes and restaurants, with many of these employing the owner and 1 or 2 employees. Only a small percentage of these businesses are hotels or function centres. This sector can grow to be more professional and provide secure employment, but potential numbers of new employees will be limited.

Opportunities

Brezovica Ski Resort is currently under disputed ownership (as a former State Owned Enterprise), but with great potential in coming years to promote economic activities. There is also a new ski resort in Brod, Dragash which is yet to become fully operational.

Nature Tourism in the Sharr Mountains is already being promoted by UNDP and GiZ through current projects, and is considered by local businesses as well as municipalities an important area for further support. UNDP has produced a guide for hiking in the region, which has generated a number of business opportunities.

Novo Brdo Tourism has been supported by several donors, and a fledgling industry is starting to emerge. The lack of proper skills and knowledge to support this growth has been identified as one of the major risks to continued success. More information can be found on their website www.tourism-novobrdo.com.

'Skills for Restaurants' is an intervention area that will support restaurants looking to service more local and international tourist in these regions. Many of the staff needed for increasing the growth of rural restaurants are not available.

MAFRD grant funding – under a World Bank funded project, MAFRD has available grant funding for improving rural development, and along with agriculture have identified tourism as an area where funding can be directed to increase development. S4RE will link with these funds to promote good initiatives in the tourism sector.

Manufacturing

Manufacturing, including traditional handicrafts, are important employers in rural areas. However, there is currently only one large manufacturer operational, Rematek, a textile manufacturer in Dragash with 380

employees. However, all areas within S4RE had large SOEs during the Yugoslav period, and have the potential to re-establish manufacturing opportunities.

There are many small factories in each region, working in industries such as timber/furniture, metalwork, stonework, textiles and food processing (covered under agriculture). A lack of skilled employees is one of the most often cited reasons for not expanding production activities.

Opportunities

Rematek is already a large employer in Dragash, but with the opportunity to further expand, both on product range and quantity. They have been quoted as saying skilled staff is one of the barriers to expansion.

Indigenous handicrafts, although a small employer, can expand in conjunction with increases tourism activities, in a similar way to niche agriculture products.

Several of the manufacturers already approached by S4RE identified a major issue with finding qualified people to service manufacturing machinery. This service provision is a potential self employment opportunity for young people in the target regions.

Other Sectors

Mining has been practiced in Novo Brdo for centuries, and continues on a small scale today with 1 registered processing factory and 5 small extraction companies. Kamenica was a major mining area during the period 1970 to 1990, but many of the SOEs responsible for this are yet to be privatised. Expansion of this sector requires significant investment, and therefore may not offer a short term opportunity. However, development of a skilled workforce is a prerequisite for any future investments, and may prove to be an interesting area of intervention.

Construction (both buildings and infrastructure) is largely an informal sector in Kosovo, and is therefore absent from many of the municipal development plans which reflect only registered businesses. Opportunities exist for improving the specialist skills and employability of people involved in this sector, particularly in trades such as plumbing, electrical/gas installation, and carpentry/joinery.

The broad business category of 'trade' has the largest number of registered businesses in each municipality, and is the largest sector for employment. For example, in Kamenica, 1,008 trade businesses are registered, employing more than 2,000 people. 'Trade' covers everything from the street vendors to open-markets as well as both speciality traders and general goods traders. Individually they are mostly small employers, but combined they are a sector that is important for economic development. Strategies to support their training needs, and improve the number and security of employment will be developed. The increase in national supermarket chains may offer opportunities here, as will the concept of micro-franchising to link smaller speciality traders into buying networks.

Letters of Interest

HELNETAS Swiss Intercooperation has begun collaborating with many of the businesses and agencies mentioned above. The first step in this collaboration has been meeting with potential partners and the signing of Letters of Interest, outlining the areas they consider of most importance for collaboration.

Letters have so far been received from the following partners:

- Abi-Progres – milk, fruit and vegetable processing (Prizren)
- Hit Flores – non-wood forest product processing (Dragash)
- Fungo FF – mushrooms and NWFP (Kamenica)

The process of engaging with more partners and identifying areas for collaboration will continue during August and September.

Annex 4: Component 3 - Opening Sectors

1. Introduction

Through the development of S4RE, the potential for significant increases in the supply of raw material for agricultural processing and exports has been recognised. Component 3 of the project targets this potential with a range of activities.

The following information covers the opening 2 value chains that will be targeted by S4RE.

2. Dairy

Kosovo is a major importer of milk products, yet it has great potential to be an exporter. There is currently in excess of €25 million of imports, amounting to more than 50 million litres per annum.

The reason for such high imports is the lack of primary production, which requires both a higher level of skill to improve productivity per producer, as well as accessing investment to increase the producing herd of cattle. There are many thousands of small farmers currently with only one or two cows, producing enough to supply the household but very rarely able to market any produce beyond the immediate neighbours. It is estimated that 40% of consumption in rural Kosovo is from these home producers.

Major milk processors such as Bylmeti, Koral, Abi, Magic Ice and Vita all want to expand their collection and processing within Kosovo. The processors are organised into a national association, and preliminary discussions have started with the association to target the market opportunity present in Kosovo.

In many cases, the infrastructure is present to increase capacity, but the production is low and often unreliable. The main opportunity for increasing both the number of farmers and the average size of each herd is in the Dragash and Shterpce regions.

The first activity in 2013 will be to do an analysis with each of the main processors and establish a target for increasing production. Not all processors buy milk from these areas, but companies such as Abi already have a network of 4 milk collection centres in Dragash, which can be used to increase collection and to disseminate information.

Close collaboration with the USAID NOA project is foreseen for this activity, as well as with the Ministry of Agriculture that is developing a support package for the sector, including investment funding.

3. Non-Timber Forest Products (NTFP)

The NTFP value chain has been strongly supported by several projects in the last 5 to 10 years, including HPK (SDC/Danida), K-PEP (USAID), NOA (USAID) and GIZ. Support has concentrated on a small number of key actors in the processing and marketing part of the value chain, with significant investments into infrastructure to support this. Marketing study tours have also been supported to major markets for most of these actors.

This support has resulted in a sector that is successfully exporting a range of products to markets mainly in Western Europe, with exports now in excess of €5 million and an estimated 8,000 families involved in collection of products from forests and nature areas.

With the exception of one processor that also targets the Kosovo market with mushrooms; the sector is dominated by exports. Through discussions with the main stakeholders well known to S4RE staff, several opportunities with known companies have been identified and will be explored in the first quarter of 2013.

Scardus (Shtrpce):

Scardus process raspberries for local and export markets. They are working with local farmers to increase the supply of cultivated raspberries to replace the unreliable supply from wild collected products.

S4RE will collaborate with them on increasing the number of local producers expanding (or commencing) production of this product. S4RE will support the training, whilst other projects will be engaged in supporting planting material and infrastructure. An initial target of 50 producers in 2013 is predicted.

Eurofruti (Mramor/Novo Brdo):

Eurofruti export blueberries and mushrooms to Western Europe, but have orders in excess of the supply they are able to obtain. S4RE have been asked to help support them with increasing the collection of wild blueberries, as well as exploring the potential to increase cultivated products. This will target an estimated 100 people, including unemployed people to work in wild collection.

Fungo FF (Kamenica):

Predominantly a mushroom producer, Fungo FF also collects wild products for export markets. There are opportunities to work with Fungo FF on 3 activities: increasing cultivation of mushrooms, increasing the training and skills of existing & new employees involved in mushroom processing (linked to Component 2) as well as training of collectors to improve the sustainability of wild harvesting.

Hit Flores (Dragash)

Hit Flores collects a wide range of wild fruits, herbs and mushrooms, mainly in the Sharr Mountains area. The owner has approached S4RE for support in increasing the supply of cultivated products to replace some of the wild harvest fruits, but also to capture the market opportunities they have identified in export markets.

The first activity will be to undertake an assessment of the crops with the most potential, and then to develop a training and investment plan to develop this. Training will also be provided to collectors harvesting wild products to further promote sustainability of the natural resources. Both these activities will be undertaken in collaboration with the UNDP project in Dragash.

APS (Istog)

APS is the largest collector and exporter of medicinal and wild herbs in Kosovo. Although located outside of the S4RE regions, they purchase large quantities of products from these regions. Training on sustainable harvesting, as well as increasing the cultivation of some herbs, will be the first activity to be undertaken in 2013.

Other Partners

In addition to these major actors, several other smaller actors are present in the target areas. These will be included in project activities as opportunities arise.

S4RE will support any new initiative from the different individuals; SME's and group of farmers related to the aggregation of the products which could improve the overall value chain -supply chain with different NTFP in the areas of the intervention.