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# EMPOWER PRIVATE SECTOR ACTIVITY

QUARTERLY REPORT #2: OCT-DEC 2014



*U.S. Ambassador in Kosovo Tracey Ann Jacobson officiated at the EMPOWER Private Sector launch event on December 9<sup>th</sup>, 2014.. Ambassador Jacobson reiterated the commitment of the U.S. Government and of the American people to support the job creation and economic growth in Kosovo.*

**15 January 2015**

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# EMPOWER Private Sector

## QUARTERLY REPORT #2: OCT-DEC 2014

**Submitted by:**  
Cardno Emerging Markets USA, Ltd.

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## Acronyms

<b>CFO</b>	<b>Chief Financial Officer</b>
<b>CO</b>	<b>Contracting Officer</b>
<b>COP</b>	<b>Chief of Party</b>
<b>COR</b>	<b>Contracting Officer's Representative</b>
<b>EOI</b>	<b>Expression of Interest</b>
<b>GoK</b>	<b>Government of Kosovo</b>
<b>HR</b>	<b>Human Resources</b>
<b>IFC</b>	<b>International Finance Corporation</b>
<b>IP</b>	<b>Implementing Partner</b>
<b>IT</b>	<b>Information Technology</b>
<b>NOA</b>	<b>New Opportunities for Agriculture Project</b>
<b>ORGCAT</b>	<b>Organizational Capacity Assessment Tool</b>
<b>PAD</b>	<b>Project Activities Database</b>
<b>PBMS</b>	<b>Performance Based Management System</b>
<b>RFP</b>	<b>Request for Proposal</b>
<b>SAF</b>	<b>Strategic Activities Fund</b>
<b>SASR</b>	<b>Sector Assessment and Selection Report</b>
<b>SMEs</b>	<b>Small and Medium Enterprises</b>
<b>USAID</b>	<b>United States Agency for International Development</b>
<b>VET</b>	<b>Vocational Education and Training</b>
<b>WfD</b>	<b>Workforce Development</b>

## 1. PROJECT OVERVIEW

The USAID Kosovo EMPOWER Private Sector project is designed to stimulate large-scale job creation by elevating the competitiveness of Kosovo firms. This means helping them identify and connect to market opportunities, improve product design and quality, increase productivity, upgrade management and workforce skills, and expand access to finance. Considering that Kosovo continues to struggle with high levels of poverty and unemployment, over-dependence on imports, and an underdeveloped export sector, it is the mandate of EMPOWER Private Sector (EMPOWER) to materially address these critical development problems. To achieve this, EMPOWER concentrates on three objectives with corresponding components:

- **Component 1: Increasingly competitive and market-oriented Small- and Medium-Sized Enterprises (SMEs);**
- **Component 2: Job-creation;**
- **Component 3: Strengthen capacity of local partners.**

EMPOWER has selected certain growth-ready sectors for intensive support, but will also continue to seek out and take advantage of opportunities for expansive job creation in any value chain, through workforce skills development and attraction of foreign and domestic investment. The activity has an affirmative focus on assisting underemployed and disadvantaged populations. It includes North Kosovo in all of its activities. It will expand earning opportunities for women, and will encourage the elevation of women into senior business management roles.

An important element of EMPOWER is building the institutional and professional capacities of local economic development service providers to enable wide outreach to businesses throughout Kosovo. In order to maximize impact, the project will also collaborate closely with all private sector development programs with similar goals sponsored by international financial institutions, other bilateral donors, and national and local Kosovo government agencies.

## 2. HIGHLIGHTS DURING THE REPORTING PERIOD

One of the first important deliverables of EMPOWER was to conduct a sector assessment to identify and provisionally select the sectors and value chains for the USAID focused support during the term of EMPOWER. The primary goal of this assessment and the report itself was not to merely compile general sector competitiveness challenges but rather to collect actual business opportunities and challenges from a sample of companies in various sectors. EMPOWER completed this task successfully by producing and delivering a Sector Assessment and Selection Report which was submitted to and approved by USAID during this quarter.

EMPOWER divided target sectors into two groups: “Tier 1” sectors, which will receive a “full package” of assistance, under EMPOWER’s first component (Market-Oriented Competitive SMEs), and “Tier 2” sectors whose support will be targeted on certain priority needs for job creation, under EMPOWER Component 2 (Opportunistic Job-Creation).

EMPOWER recommendation for Tier 1/Component 1 sectors were; 1) Wood, and 2) Apparel & Leather. The Tier 1 or the “full package” of assistance covers the comprehensive set of activities to improve the overall competitiveness of firms in the sector, enabling them to take advantage of business opportunities and grow organically.

EMPOWER recommendation for Tier 2/Component 2 sectors where EMPOWER will provide “Selective Assistance” are 1) ICT, 2) Tourism, 3) Renewable Energy and North. With selective assistance, we can address certain high-priority needs shared by most of the companies of other sectors.

For North Kosovo we will work with all sectors where there are opportunities, we expect the most substantial job-creating opportunities to be in food growing for processors/aggregators. We will facilitate these opportunities and work to integrate North Kosovo producers into national and regional value chains.

Following the approval of the Sector Assessment and Selection Report (SASR), EMPOWER revised the previously-submitted draft Workplan so it would reflect and be based upon the findings and recommendations that came out of the SASR. Parallel to the Workplan, the Performance Based Management

System Report (PBMS) was revised to reflect changes as a result of SASR. Both of these deliverables were successfully submitted for review and approval to USAID.

EMPOWER held a Launch Event on December 9 at the Swiss Diamond Hotel in Pristina. The event was attended by ~120 people. Ambassador Jacobson, Mission Director Jim Hope, COP David King, and Kosovo Wood Processors Association President Arieta Vula addressed the audience. The ceremony was followed by a networking session. The event also attracted extensive media attention. The publication of APS/call for applications was announced at this event, jointly with the temporary active project website.

Upon the finalization of the Sector Assessment and Selection Report, which encompassed site visits to 109 companies, the EMPOWER team extended and deepened its field visits and meetings with businesses from all selected sectors. During the report quarter, EMPOWER met with 72 different businesses.

As the meetings with businesses to identify opportunities and challenges were initiated, our technical team also started to evaluate the opportunities and identify them as investment candidates. These investment candidate opportunities are presented at the EMPOWER Investment Review meeting which takes place every week on Tuesday. As of the reporting time, EMPOWER has identified 11 Investment Candidates with total estimated Investment from EMPOWER at €235,200.

### 3. STATUS OF EACH OF ACTIVITIES AND TASKS AS DEFINED IN THE WORK PLAN

#### General & Operational

##### 1. Administrative

##### 1.1 Identify and hire all technical and operational staff

The following technical and operational staff members were contracted in Quarter 2:

Name	Position
Arta Istrefi	Competitiveness Specialist
Visar Kelmendi	Analyst
Liza Marku	Team Leader Component 2
Lindita Baleta	Social Inclusion & Communications Specialist
Faton Tahiri	Driver/Maintenance Officer

This brings the total number of long term technical and operational staff hired by this quarter to 14.

##### 1.2 Establish and equip EMPOWER office

During the first month of this quarter the EMPOWER office space was fully equipped and operational. Procurement and installation of office furniture and equipment including IT equipment is completed, and it meets the needs of current and still to be hired staff.

##### 1.3 Institute all EMPOWER operational and financial policies and procedures

In this quarter, we continued to work adapting and finalizing Cardno's operational and financial procedures. To date, we have successfully established all policies governing HR, Procurement, Reporting and Financial Management. Some of the major accomplishments for this quarter include the following:

- **Grants Manual:** We completed and submitted the grants manual for the mission's consideration on October 22<sup>nd</sup>. The Grants Manual requires RCO approval. By the end of the quarter, EMPOWER had not yet received approval or formal feedback on the submitted Grant Manual.
- **Financial Management:** We established all of the financial reporting policies and procedures required for EMPOWER. Our Cardno CFO and Home Office Project Accounting Specialist, arrived in November 2014 to provide accounting and fraud training to the Financial Manager and the rest of the EMPOWER staff.

## **2. Monitoring & Evaluation**

### **2.1 Complete PBMS**

The Performance-Based Management System Plan (PBMS) was submitted for USAID review and approval on September 15, 2014. Comments on the PBMS from USAID were received and were addressed in revised version upon completion of the Sector Assessment & Selection Report. USAID approved the final version of the PBMS on December 16, 2014. EMPOWER's COP presented the final version of the PBMS and explained all Performance Measurement Indicators (PMI) to all our staff, so that all understand the project's goals and PMIs.

### **2.2 Customize and install Project Activities Database (PAD)**

EMPOWER started preparing the database layout which is tailored to project specific needs. The final version of the database layout is based on the existing forms and templates used by the team. The database will be a shareable and web-based tool to register and record approval for all EMPOWER's interventions. The database links all the stakeholders, businesses, institutions, and individuals to activities. When the final version of the layout is finalized, EMPOWER will need to engage a software development company to adapt current versions of PAD used by other Cardno projects for EMPOWER needs. This activity will be completed in Quarter 3.

### **2.3 Gather and record baseline data**

In accordance with EMPOWER Year 1 Workplan, our team will collect baseline data for 150 beneficiary firms by March 2015. Out of 72 businesses visited during this reporting period, the EMPOWER team has collected baseline data for 58 businesses.

## **3. SAF Management**

### **3.1 Prepare operations manual on procurements and sub contracts**

Completed in Quarter 1.

### **3.2 Prepare Grants Manual**

On October 22 we completed and submitted the grants manual for the consideration of USAID RCO. As of the reporting time, EMPOWER has not received the approval on the submitted Grant Manual. USAID mission has notified us that they are waiting to have the EMPOWER Modification #1 fully executed before the grant manual is approved. USAID issued fully executed Modification #1 on December 31.

### **3.3 Prepare and publish the Annual Program Statement (APS) to invite applications**

The draft Annual Program Statement (APS) was submitted to USAID EMPOWER COR for review and approval on December 12. EMPOWER incorporated changes recommended by COR before the APS was approved in December 8. EMPOWER published the APS in its website [www.empowerkosovo.org](http://www.empowerkosovo.org), and announced it publicly at the launching event of EMPOWER on December 9.

### **3.4 Receive, review, select, and approve subcontracts / grants**

In addition to announcing the APS at the EMPOWER launch event and publishing it in the website, EMPOWER organized a presentation of the program and APS in North Mitrovicë/a on December 18. As a result of this presentation, EMPOWER received a lot of feedback from participants who told us that they are planning to submit their concept notes and apply for grants. The APS was presented just before the holiday season, therefore we expect that Concept Notes will begin to be submitted as soon as holiday season ends.

## **4. Public Events & Communications**

### **4.1 Prepare initial EMPOWER print materials; establish project website and Facebook page**

In coordination with USAID COR and Development Outreach & Communications Specialist from USAID DOC office, EMPOWER created the visual identity of the project that will be used in all information and promotional materials in print and electronic versions. EMPOWER used the visual identity on the following materials that were printed and distributed: Kosovo Sector Assessment and Selection Report, EMPOWER One Pager, notebook, folder and roll-up banners.

EMPOWER finalized the temporary version of its website that went live before the launch event on December 9, following approval by USAID. The domain name is <http://www.empowerkosovo.org>. Our Social Inclusion and Communication Specialist is working on populating and having the website complete by the first half of Q3.

## 4.2 EMPOWER Launch Events

EMPOWER hosted the official Launch Event on December 9 at the Swiss Diamond hotel in Pristina. The event was attended by ~120 representatives of the business sector, international and national organizations operating in the economic development area, and media. Speaking at the event, U.S. Ambassador to Kosovo Tracey Ann Jacobson reiterated the commitment of the United States to Kosovo's economic development. This event also served as an opportunity to introduce the newly-appointed USAID/Kosovo Mission Director Jim Hope. In addition, EMPOWER COP David King, and Kosovo Wood Processors Association head Arieta Vula addressed the attendees. Networking followed the speeches, and the Annual Program Statement of the project was also announced.



~120 representatives of the business sector and other organizations in Kosovo attended the EMPOWER Private Sector launch event.

There was really good media attention. News items on the launch of EMPOWER were posted on the following media outlets, and EMPOWER project website:

**Telegrafi.com** - <http://bit.ly/1x5ta3m>; **Infodirekt.tv** - <http://bit.ly/1yD7XcA> **Kosovapress.com** - <http://bit.ly/12yhRmS> ; **Gazetaexpress.com** - <http://bit.ly/1vUIvU3>; **U.S. Embassy in Pristina Facebook Page** - <http://on.fb.me/1yCBm6P>

EMPOWER is planning to organize presentation of project in seven regional centres throughout Kosovo. The first one was already organized in North Mitrovicë/a on December 18. The event was attended by ~90 people. The event was covered by USAID Facebook page.

## 4.3 Research donor programs working in the Competitive & Market-Oriented SMEs and the North

This is an ongoing activity that started in Quarter 1 and continued through Quarter 2. An initial assessment of donor programs working in the competitiveness/ WFD and the North was conducted. Several meetings were scheduled with collaborating implementers and good working relationships have been developed between the programs.

Some examples of coordination efforts with other donor project/activities are presented below with details on status of coordination efforts

Donor/Project	Status of Coordination with Donor
SDC/EYE	<i>FIT Training Project (Females in IT)</i> , implemented by American University in Kosovo (AUK). This is a promising opportunity, which originated as a result of our collaborative discussions with the SDC EYE project. This is a program to train women in needed ICT job profiles identified by the STIKK Skills Gap analysis. They are requesting and we are considering an investment of \$20,000 from our SAF (once the Grants Manual is approved and APS published). This

Donor/Project	Status of Coordination with Donor
	<p>would enable the 1-year training program to expand from 50 to 70 women, selected from an applicant pool of over 350. The program is well designed and the potential for both internships and job placement has been vetted with Kosovo ICT companies. We are at this point confident of the job creation payoff of this attractive project, and need a TEC green light in order to give them a commitment soon, subject to further validation and paperwork, because the actual training is starting now and there are many qualified applicants still on the waiting list. The intention is that the program will be made permanent. Our co-investment, with EYE and others, will help prove the concept and create a success story for ongoing funding, both from other donors (the Norwegian embassy has already promised funding for the 2015-16 year), and the relevant ministries.</p>
GIZ / Economic Development Promotion	<p>This program is dedicated to SME competitiveness, and covers many of the same sectors that EMPOWER will support. Many opportunities for cooperation. We agreed to meet regularly to coordinate and co-fund.</p>
EBRD	<p><i>EBRD has</i> has two programs that provide management consulting to firms: (i) the Small Business Support program, which targets 70 SMEs per year, of which 30 are considered candidates for financing, and (ii) the Enterprise Growth Program, which targets only 4 larger / potentially bankable companies per year, which provides sector specific mentors for a period of up to 18 months. They also have a large regional (Western Balkans) business finance fund that is now coming on line: the Enterprise Development Investment Framework (EDIF), a regional € 300M facility that is financed by EBRD, EIB, KfW, and the EC. This fund has four “instruments”, of which EBRD manages the one of most interest to us: the “expansion fund”. This expansion fund will provide loans of €50K-1.0M, targeted at companies with employment in the 50-250 range. This is very much EMPOWER’s target market. They would welcome our coming to them with legitimate financing opportunities, and we discussed a couple of candidates briefly.</p> <p>EMPWOER also discussed the TEB Bank Women in Business credit facility. EBRD is financing this credit line with €3.0M. They are complementing it with advice-mentoring-training services to the women-owned businesses (including startups), and are providing consultants to the bank to install systems for credit scoring and monitoring / reporting on the portfolio. We informed them that we have been in discussion with TEB to collaborate by providing potential co-funding through our grant funds, to reduce financing risk.</p>
SDC / Promoting Private Sector Employment (PPSE)	<p>This project shares many objectives with EMPOWER. They are finishing their inception phase and are about to enter their 3-year implementation phase. They have done assessments of three sectors (food processing, tourism, and private healthcare) and shared these reports with us. This is a project with which there will be opportunities to collaborate closely going forward.</p>
SIDA	<p>Sida’s expressed interest in potentially co-funding with other donors. We presented to them EMPOWER’s approach, and assured SIDA officials that economic growth projects like ours certainly could productively employ additional resources to increase our impact.</p>

During this reporting period EMPOWER team held over 64 meetings with different institutions or organizations. Below is the list institutions that were met during this report period.

<b>Name of the organization/project/activity contacted/visited</b>
AFAS (Association for Finance & Accounting Services)
Akademija Evolucion
AmCham
Association of Wood Producers of Kosovo
Austrian Development Agency
British Chamber of Commerce in Kosovo
Business Center Zvečan
Business Club Mitrovica
Business Development Institute
Centre for Entrepreneurship and Executive Development (CEED),
Corporate Social Responsibility Network
Department for Education, Municipality of Pristina
EBRD
ECMI Kosovo
Economic Development Department Peja Municipality
EYE Project
FIT Training Project (Females in IT), American University in Kosovo (AUK),
G7 / Women's Chamber of Commerce
GIZ
GIZ Youth Employment Project
Gjakova/Djakovica Municipality – Department of Economic Development
ICK
IFC
Innovation Center Gjakova
International Business College (IBCM)
IOM MSME
Istog/Istok Municipality
KIESA
KOSME
Kosovo Chamber of Commerce
Kosovo Exporters Association (KEA),
Ministry of Education
Ministry of Finance, Macro Division
Ministry of Trade & Industry
Municipality of Gjakova
Municipality of Gračanica
National Gallery of Kosovo
NOA and AKT
Office of the President of Kosovo
ProCredit Bank Branch, North Kosovo
Promoting Private Sector Employment (PPSE) Project
Recura Consulting
SIDA
SPARK

Name of the organization/project/activity contacted/visited
STIKK
Suhareka Integrated Regional Development Project
Syri i Vizionit NGO
TEB Bank Women in Business Credit Line Program
Tourism Info Points, Gjakova
UNDP Aid for Trade project
UNDP Diaspora in Economic Development Project
UNDP Inclusive Development Program
USAID Macedonia Small Business Expansion Project (SBEP)
USAID Projects Empowering Women Coordination Meeting
USAID REG Project
USAID Transformational Leadership Program (TLP)
WIFI (Austrian Institute for Economic Promotion)
Women for Women International
Women in Business
Women Victims of Violence Initiative

## **Component 1 - Job Creation through Increasingly Competitive & Market-Oriented SMEs in Focus Sectors**

### **1. Identify growth-ready sectors for project focus**

#### **1.1 Draft Sector Assessment & Selection Report**

The purpose of the Sector Assessment and Selection Report was to identify and provisionally select the sectors and value chains for the USAID EMPOWER Private Sector's focused support.

The primary goal of this assessment and the report itself was not to compile general sector competitiveness challenges (which has been repeatedly done before), but rather to collect actual business opportunities and challenges from a sample of companies in various sectors.

EMPOWER's methodology for the sector assessment consisted of the following:

- Direct site visits to 109 companies throughout Kosovo (north and south) in a variety of sectors, and face-to-face interviews with their managers using a standardized firm-level interview protocol.
- Interviews with key informants in Kosovo government ministries and agencies, with other donors, and with private sector development professionals.
- Review of prior sector assessment and growth strategy documents, as well as collection and analysis of macro-level statistics.
- Evaluation of each sector, based on three overall criteria for prospective support:
  - 1) *Growth potential:* (i) Are there clear, firm-level business opportunities in domestic, import-competing, and/or export markets for expansion of the sales of the sector? (ii) Do sector firms have the capability to supply these opportunities, if identified obstacles can be addressed? These growth opportunities need to be as concrete and in sight as possible, not requiring extensive preparatory build-up of general competitive capacities among firms before they can be investigated or known.
  - 2) *Scale potential:* Are the growth opportunities significant, and consequent job-creation impact substantial? It is important to note that of the approximately 130,000 registered businesses in Kosovo, less than 2% (about 3,000) of them employ more than ten people. Fewer than 350 companies employ more than 50 people, but these account for one-fourth of the entire employed labour force. Therefore, efficiently achieving scale in employment means working with lead firms.

In addition to lead firms, to expand coverage and scale, can a significant number of SMEs be networked into these opportunities? EMPOWER’s goals for aggregate employment growth over its term are ambitious.

- 3) *Impact potential:* Can the identified obstacles to realizing growth and employment opportunities feasibly be addressed by project-supported activities and interventions? For sector support, this means group-based activities to address shared needs, plus lead firm-level assistance to help them realize their business opportunities and feed demand to their supply chains within the sector. In this connection, we have also collected information on related development assistance programs, so that we are prepared to plan with them how EMPOWER can collaborate in delivering the desired impact.

With these three potentials in mind, and based on our work in preparing this report, we made our recommendations for EMPOWER’s sectoral focus.

As an initial observation, we found that there is significant potential for growth, scale, and impact in all of the sectors that we reviewed. There are business opportunities and competitive companies throughout the Kosovo economy. However, not all sectors require the same degree of assistance to achieve substantial impact. Therefore, we have divided target sectors into two groups: “Tier 1” sectors, which will receive a “full package” of assistance, under EMPOWER’s first component (Market-Oriented Competitive SMEs), and “Tier 2” sectors whose support will be targeted on certain priority needs for job creation, under EMPOWER Component 2 (Opportunistic Job-Creation).

EMPOWER recommendation for Tier 1/Component 1 sectors were; 1) Wood, and 2) Apparel & Leather. The Tier 1 or the “full package” of assistance covers the comprehensive set of activities to improve the overall competitiveness of firms in the sector, enabling them to take advantage of business opportunities and grow organically. These activities are organized according to the five principal competitiveness areas in our structured approach: product & productivity, connection to markets, access to finance, workforce development, and business environment. Companies in these sectors have a range of needs across these competitiveness areas.

Recommended Sectors for Tier 2/Component 2 sectors where EMPOWER will provide “Selective Assistance” are 1) ICT, 2) Tourism, 3) Renewable Energy and North. With selective assistance, we can address certain high-priority needs shared by most of the companies of other sectors.

For North Kosovo we will work with all sectors where there are opportunities, we expect the most substantial job-creating opportunities to be in food growing for processors/aggregators. We will facilitate these opportunities and work to integrate North Kosovo producers into national and regional value chains.

The final version of the report was submitted to USAID for review on October 17. The approved version was printed and made public on December 9, at the EMPOWER launch event.

## 2. Identify job-creating business opportunities & challenges

### 2.1. Consult with firms in Component 1 focus sectors to identify business opportunities and challenges

Once the Sector Assessment and Selection Report was finalized, our team started going out in the field and met with businesses from all selected sectors. Beginning in the second half of October, EMPOWER team had 78 meetings with 72 different businesses from private sector out of which 32 belong to Component 1.

The purpose of the visits is to identify actual opportunities for firm-level sales expansion, to assess the potential job-creation impact of those opportunities, and to describe what stands in the way of companies realizing those opportunities.

List with names of businesses from Component 1 visited by EMPOWER team is presented below:

Name of the business visited	
Wood Processing	
1	BINNI Furniture
2	Ciao Berto
3	Dekor Plast

<b>Name of the business visited</b>	
<b>Wood Processing</b>	
4	Elnor
5	Europa
6	Gacaferi Furniture
7	Godzi
8	Graniti
9	Javor
10	Lumi
11	STR Markovic
12	Tedes- Oxa Group
<b>Apparel &amp; Leather</b>	
13	Alfa Teks
14	Arnisa Z
15	ArtaTex
16	Edona
17	Elmak
18	Festa
19	Geraldina Sposa
20	Key-One
21	Kosova Tex
22	KOTEX Apparel
23	Krenare Rugova Fashion
24	Menakon
25	Nori Tex
26	Qendresa
27	Sigel
28	SOLID
29	Stefan
30	Unikat Uniforms
31	Visari-AM
32	Wear & Go

## 2.2. Evaluate and prioritize job-creating business opportunities

As the meetings with businesses to identify opportunities and challenges were initiated, our team started evaluating the opportunities and identify them as investment candidates. These investment candidate opportunities are presented at the EMPOWER Investment Review meeting which takes place every week on Tuesday. So far EMPOWER identified 11 Investment Candidates with total estimated Investment from EMPOWER at €235,200.

A summary with information on the businesses and the identified opportunities in Component 1 is presented in the Investment Candidate list below. For Component 1 only there are four Investment Candidates with estimated investment €114,000, which will potentially create 90 new FTE jobs

<b>Stakeholder: Binni</b>		
<b>Short Title: Implementation of the CE Mark (Wood Processing)</b>		
Number of Potential New FTE Jobs:		<b>10</b>
Estimated Investment	EMPOWER	<b>€4,000</b>

<b>Stakeholder: LUMI</b>		
<b>Short Title:</b> New technology for new production plant (Wood Processing)		
Number of Potential New FTE Jobs:		<b>15</b>
Estimated Investment	EMPOWER	<b>€30,000</b>
<b>Stakeholder: OXA Group (Tefik Çanga)</b>		
<b>Short Title:</b> Introducing new production line (Wood Processing)		
Number of Potential New FTE Jobs:		<b>40</b>
Estimated Investment	EMPOWER	<b>€50,000</b>
<b>Stakeholder: UNIKAT uniforms</b>		
<b>Short Title:</b> New Line of the production/ Shirts		
Number of Potential New FTE Jobs:		<b>25</b>
Estimated Investment	EMPOWER	<b>€30,000</b>

### 3. Widen and deepen connections to buyer

#### 3.1. Design and implement B2B activities to stimulate business opportunities

##### 3.1.1. Selective trade show attendance

During this quarter EMPOWER attended Klik Expo International Trade Fair in Tirana, co-sponsoring four beneficiaries from the wood and apparel sectors, in collaboration with KIESA. The following are meetings that took place at the fair and their results.

- Luan Muhametaj, President of Klik Expo Group, organizer of the fair. Discussed the presence of Kosovo companies in the Albanian market, and participation in future fairs. The meeting was also attended by representatives of MTI and KIESA, committed to a reservation of 200sq meters in next year's fair, for a dedicated Kosovo pavilion. Klik Expo Group is willing to support Kosovo businesses in creating stronger ties with the Albanian businesses and markets through support in organizing B2B meetings and finding of sales agents. Mr. Muhametaj agreed to have a follow-up meeting with EMPOWER in Prishtina.
- Etleva Hoxhaj, Director, Omega Marketing Agency, which publishes Ti Sposi wedding style magazine. She will help us promote Kosovo producers to her connections in to Albanian companies in wedding apparel, fashion, accessories, jewellery, and support services. Follow-up meeting in Prishtina planned to discuss the cooperation in the organization of a Kosovo wedding fashion show in Tirana, and as well as in connection of Kosovo companies with Albanian markets.
- Arben Peçi, President of the Apparel Industry Association in Albania (AIAA). Mr. Peçi welcomed cooperation between the apparel producers in Kosovo and Albania. He suggested that Kosovo should take the Albanian example in developing the apparel industry and offered to share with us recommendations that their association is giving to the Albanian government in order to develop further this sector. The AIAA is willing to support the industry in Kosovo providing support in organizing the association as well in Kosovo and with technical trainings that companies might require. Furthermore there is interest to expand the production facilities in Kosovo in order to cooperate with the growing number of contracts from Italian high fashion producers.
- Albanian Tourism Association, Matilda Naco, Executive Director. Very interested to cooperate in activities. Presented their hotel certification activity and portal (<http://www.authenticalbania.com/>). They can provide experts for trainings. Discussed a joint tourism package between Albania and Kosovo, such as they are doing with Greece (<http://corale.eu/index.php?lang=en>). Cross-border cooperation in Boge (cluster cottages) discussed.
- Geraldina Sposa, Wedding dresses, Executive Director. Stated that last year there were 2800 weddings in Albania. However, their assessment is that Kosovo-produced wedding dresses need higher quality.

### **3.2. Establish / recruit producer sales agents**

During this reporting period, we have worked towards identifying market agents as well as establishing working relations in targeted markets such as Albania, Germany.

#### **Apparel sector**

In apparel sector we plan to bring three sales agents identified in Albania Trade fair and introduce them to Apparel Producers in Kosovo. During first half of January 2015, we will have Mrs. Etleva Hoxha, CEO of Omega Studio ([www.tisposi-al.com](http://www.tisposi-al.com)), representative of Albanian National Chamber of Garments Producers (<http://www.konfeksione.org.al>), and Mr. Luan Muhametaj, CEO of Klik Ekspo Group (<http://www.klikekspogroup.com>), visit Kosovo apparel producers. These meeting will create opportunity for establishing market connections between the Kosovo producers and Albanian wholesalers and establish contacts with other international contractors.

#### **Wood sector**

In the wood processing sector, during the assessment phase and later direct visits to companies, some companies are interested to get to the market of Germany and therefore they identified one potential candidate (Mr. Granit Nikqi) to be engaged as agent. Currently, he is working for company Renolit SE ([www.renolit.com](http://www.renolit.com)), from Munich, Germany. EMPOWER contacted Mr. Nikqi and agreed to organize his visit in Kosovo to assess capacities and quality production of Kosovo companies and products. Visit is agreed for end of January and beginning of February.

### **3.3. Widen / deepen supply chains to network SMEs into lead company opportunities**

EMPOWER team is identifying on regular basis all opportunities for clustering businesses from selected sectors. In particular these opportunities are more feasible in Wood Processing and Apparel Sectors. Some more concrete examples are identified in apparel sector. The apparel company Nori Tex is interested to work together with Sigel which is a small apparel women owned business from North Mitrovicë/a. The opportunity was identified in second half of December, and its actual results will be presented following quarter.

Another example from this sector is readiness of apparel business from Gjakova municipality to cluster and co-fund establishment of modern cutting sewing, washing, and drying technologies. An interest to support this clustering was discussed with Director of Department of Economic Development of Gjakova who also shared that it has support of the mayor and they are willing to support the creation of the cluster

### **3.4. Improve promotion**

With this activity EMPOWER is planning to promote Kosovo wood and apparel sectors at foreign trade publications. During this quarter our team has worked in identifying the best journals and the best ways to promote these two sectors. We plan to have the Kosovo wood processing and apparel sectors presented in international trade journals in the following quarter.

## **4. Elevate product design and quality**

### **4.1. Improve product development and design to fulfill business opportunities**

As reported above EMPOWER team visited over 72 businesses during this quarter, product design and quality issues are identified throughout all sectors. Concrete activities for these findings are planned for next quarter.

## **Component 2: Job Creation through Workforce Development & in Opportunistic Sectors**

### **1. Identify job-creating business opportunities & challenges in opportunistic sectors**

#### **1.1 Consult with firms in Component 2 opportunistic sectors to identify business opportunities and challenges**

As soon as Sector Assessment and Selection Report was finalized our team started going out in the field and meet with businesses from all selected sectors. Starting from second half of October EMPOWER team had 78 meetings with 72 different businesses from private sector out of which 40 belong to Component 2.

The purpose of the visits is to identify actual opportunities for firm-level sales expansion, to assess the potential job-creation impact of those opportunities, and to describe what stands in the way of companies realizing those opportunities.

List with names of businesses from Component 2 visited by EMPOWER team is presented below:

Renewable Energy & Energy Efficiency	
1	Enrad
2	Evroenergie LLC
3	Feroda Ing
4	GET - Green Energy Technologies
5	Osa Termosistem
6	TekFuze
7	TERMIKA
8	Yuniko
ICT	
9	Adaptivit IT Engineering
10	AppDec
11	Asseco
12	Cacttus IT
13	Interadria
14	ION Coders
15	Kosova Information Technology
16	Mikrobiz
17	RROTA
18	SEVER- Business Association of Cable Distributors
19	VGN
20	Webcrowd
Tourism	
21	Boge-Rugove
22	KATA
23	Outdoor In
24	Rugova Experience
Food Processing (North Kosovo)	
25	Agrocentar
26	Alkapra
27	AS Promet
28	Aves prom
29	Barac Company
30	Bio Product
31	Eko Vinara
32	Euro Food
33	Farm NB
34	Gnjezdanska malina
35	Grm Impex
36	Missini Sweets
37	Pestova VIPA Chips
38	Sijak D. Budriga
39	Sole
40	Vulkom

## 1.2 Evaluate and prioritize firm-level job-creating business opportunities in opportunistic

Similar to the approach in Component 1 our technical team started evaluating the opportunities and identify them as Investment Candidates for businesses of Component 2.

A summary with information on the businesses and the identified opportunities in Component 2 is presented in the Investment Candidate list below. For Component 2 only, there are seven Investment Candidates with estimated investment €121,200, which will potentially create 140 new FTE jobs

<b>Stakeholder: AS Promet</b>		
<b>Short Title:</b> Expansion of Storage Capacities		
Number of Potential New FTE Jobs:		<b>20</b>
Estimated Investment	EMPOWER	<b>€30,000</b>
<b>Stakeholder: Europa</b>		
<b>Short Title:</b> Expansion of Processing Capacities (Pellet Production)		
Number of Potential New FTE Jobs:		<b>15</b>
Estimated Investment	EMPOWER	<b>€39,000</b>
<b>Stakeholder: AUK-Training and Development Institute</b>		
<b>Short Title:</b> Female IT Job Training (ICT)		
Number of Potential New FTE Jobs:		<b>55</b>
Estimated Investment	SAF	<b>€15,000</b>
<b>Stakeholder: Vulkom</b>		
<b>Short Title:</b> Expansion of Processing Capacities and new product introduction / Mushroom production		
Number of Potential New FTE Jobs:		<b>18</b>
Estimated Investment	EMPOWER	<b>€16,200</b>
<b>Stakeholder: EUROMETAL</b>		
<b>Short Title:</b> Workforce development – Training for welding (Unemployed)		
Number of Potential New FTE Jobs:		<b>10</b>
Estimated Investment	EMPOWER	<b>€2,000</b>
<b>Stakeholder: Newco Jugoterm (ENRAD)</b>		
<b>Short Title:</b> Certified Training for Welding		
Number of Potential New FTE Jobs:		<b>12</b>
Estimated Investment	EMPOWER	<b>€9,600</b>
<b>Stakeholder: ICK &amp; MikroBiz</b>		
<b>Short Title:</b> IT - On the Job Training		
Number of Potential New FTE Jobs:		<b>10</b>
Estimated Investment	EMPOWER	<b>€9,400</b>

## 2. Expand market connections of opportunistic sector firms

These activities are planned for Quarter 3

## 3. Facilitate access to business finance for opportunistic sector firms

These activities are planned for Quarter 3

#### **4. Develop workforce skills**

Tasks and activities for this activity area are at the stage of identification. As reported above EMPOWER has identified some concrete Investment Candidates and activities for Development of workforce skills. We expect to have some actual activities from this area in Quarter 3.

### **Component 3 - Strengthening Capacity of Local Partners**

Activities pertaining to Component 3 will commence in Quarter 3.

### **CROSS CUTTING ISSUES: PRIORITY POPULATIONS**

The aim of EMPOWER project is to implement innovative approaches in all project's activities and initiatives by targeting members of our four priority populations: women, youth, North Kosovo residents, and other marginalized groups, to achieve a profound impact on society through providing them with the required skills and creating more suitable jobs.

In the reporting quarter, EMPOWER started the work by charting out the strategy of developing such approach across the other three components of the project, by beginning the process of setting up a network of professional contacts, and reaching to members of these groups to inform them about EMPOWER project's activities.

#### **WOMEN**

EMPOWER met several times with Ms. Jeta Krasniqi, the Political Advisor in charge of gender affairs to the President of Kosovo about their Action Plan to support Resolution 1325 "Women, Peace and Security." The Action Plan Result 3.4 refers to programs that have been created for the economic empowerment of victims' of sexual violence related to the conflict/war, which includes awareness-raising of potential employees about the need to provide economic empowerment to these victims, and support to the victims through business start-up training.

The agenda of the meeting of the National Council for the Survivors of Sexual Violence During the War held on December 19, 2014, which EMPOWER attended, focused on drafting an action plan for the victims' economic empowerment. One of the topics was the identification of potential projects. The first project that the Office of the President aims to support will be in Glllogovc/Glogovac. The idea is to engage a group of 12 women as tailors. Initially, they will be provided with psychological-social counseling and job-related training. Afterwards, they can start by sewing uniforms, as a start. The idea is still in the process of further development.

EMPOWER met with the Director and Owner of Akademia Evolucion, Ms. Enkelejda Shatri, who expressed her willingness to cooperate with and mentor the group of tailors in Glllogovc/Glogovac. Ms. Shatri's idea is to work with these women on the process of design and production. She plans to engage one assistant to work with her.

On November 26, 2014 EMPOWER attended the Open Day on Women, Peace and Security in Kosovo, organized by UHNMIK with the support of UNWOMEN and UNDCO, where Kosovo women leaders and activists shared their concerns and priorities for improving implementation of UNSCR 1325. It was noted as a challenge that women's economic security and empowerment are closely connected with their participation and inclusion; and that high unemployment and limited education opportunities continue to hinder women's economic independence and participation. Therefore, the recommendation from the meeting was that women's economic empowerment should be a priority, with rural women as a critical target.

In the reporting quarter, EMPOWER took affirmative steps to tackle both job creation and training of women. Please refer to section 4.3 for more information on the FIT Training Program (Females in IT) implemented by the American University in Kosovo, and the meeting with EBRD about TEB Bank Women in Business credit facility.

EMPOWER reached to several organizations in Kosovo that are either run by women, or target women through their programs: Women for Women, Women in Business, SHE-ERA, Kosovo Women's Chamber

of Commerce, to present to them the project and explore collaboration opportunities with these organizations and women in their networks.

EMPOWER participated in two meetings with women in business organized by Crimson Finance Funds in Gjilan/Gnjilane and Pejë/Peć.

At the EMPOWER Private Sector launching ceremony, the project invited the Executive Director of the Association of Wood Processors of Kosovo as one of the keynote speakers to represent not only one of the project's priority industries, but also populations.

## **YOUTH**

In the reporting quarter, EMPOWER did not engage in any youth-specific activity but started the process of compiling a list of organizations and stakeholders involved in youth employment to reach out to and establish collaboration for the life of the project. Part of the project's communications strategy is to set up a project Facebook page that will facilitate further communication with this group.

## **NORTH KOSOVO RESIDENTS**

EMPOWER has reached out actively to businesses and people in the North, please refer to the specific activities under Components 1 and 2 in the report. Representatives of businesses and organizations from the North were present at EMPOWER's launch event in Pristina. A second event was organized in Mitrovicë/a North, which was attended by more than 90 individuals and received good publicity in the regional media and USAID Facebook's page.

In addition, all information and promotional materials of EMPOWER are produced in Serbian language too. The project's website is up-to-date with information which also appears in three languages: Albanian, Serbian, and English, thus providing easier access to project information to all.

Note: The project has developed sign-in sheets used at all events that capture data such as ethnicity and gender, in order to monitor the diversity of attendees and take immediate remedial steps should be notice that this diversity begins to flounder.

## **MARGINALIZED MINORITIES**

In the reporting quarter, EMPOWER did not engage in any marginalized minorities-specific activity but started the process of compiling a list of organizations and stakeholders working with these groups of the population to reach out to and establish collaboration for the life of the project.

## **4. STATUS OF OVERALL ACTIVITY PROGRESS**

EMPOWER overall activity progress is in line with Year 1 Workplan. EMPOWER project is at the stage of implementation where most of preparatory work which includes operational/administrative is completed, project has engaged an excellent team, with only 2 positions still to be filled, neither of which is time-critical, finalized the Year 1 Workplan, PBMS and nearly completed the targeted initial meeting with private sector businesses. In line with Year 1 Workplan and PMI targets the project is expected to have more concrete project results during upcoming quarter.

## **5. LIST OF REPORTS/DELIVERABLES COMPLETED IN THE REPORTING PERIOD**

On October 19, 2014, the Project has submitted the following deliverables

- **Sector Assessment and Selection Report**

On October 22, 2014, the Project has submitted the following deliverables

- **Grants Manual**

On November 24, 2014, the Project has submitted the following deliverables

- **Year 1 Workplan**
- **Performance Based Management System (PBMS)**

COR comments were received for Sector Assessment and Selection Report, Year 1 Workplan, and PBMS. Final version were submitted and approved by USAID. Up to the date of submission of this report contractor did not receive formal comments or approval for Grants Manual.

Additionally, the Contractor submitted **Weekly Progress Reports and Meetings** by e-mail to COR on a weekly basis.

## **6. PERFORMANCE PROBLEMS DURING THE REPORTING PERIOD**

A challenge during this reporting period was the time that it has taken to identify and engage staff with the requisite skills for the technical implementation of EMPOWER. Despite three rounds of advertising for jobs and extensive word-of-mouth, the receipt and filtering of well over 300 CVs, and over 50 direct interviews with candidates, it proved difficult to find qualified personnel. The Sector Assessment was also somewhat delayed because of the need to replace an initially-identified group of consultants to conduct it. Nonetheless, we have worked closely with the Mission and have now hired an excellent team, with only 2 positions still to be filled, neither of which is time-critical, but will be engaged during the coming quarter.

## **7. ENVIRONMENTAL REGULATION COMPLIANCE**

No actions related to environmental regulation compliance were taken in Quarter 1.

## **8. ACTIVITIES PLANNED FOR NEXT QUARTER**

### **General & Operational Program Initiation**

#### **Customize and install Project Activities Database (PAD)**

Next quarter EMPOWER will finalize and install its Project Activities Database

#### **Engage local implementing partners for specific advisory services**

We will publish a Request for Proposals from local organizations to supply services primarily in business consulting and training. We expect to engage 6-8 organizations as subcontractors on an IQC-like basis for the life of the project (annually renewable) up to an individual maximum, so that we can efficiently issue task orders for project implementation services.

#### **Receive, review, select, and approve subcontracts / grants**

This is the basis for EMPOWER's work in creating new jobs and achieving its PMIs. We expect through the Grants Evaluation Committee to disburse at least 10 grants during the next quarter, and to approve at least 10 more grants for subsequent disbursal.

#### **Prepare initial EMPOWER print materials; establish project website and Facebook page**

EMPOWER will continue to promote the project through its website, and printed material in net quarter.

#### **EMPOWER launch events**

Next quarter EMPOWER plans to have 7 regional project promotion activities throughout Kosovo.

#### **Monitoring & Evaluation (M&E)**

**Data Collection** - In accordance with EMPOWER Year 1 Workplan, and PBMS our team will collect baseline data for 150 beneficiary firms by March 2015

#### **Donor Coordination**

**Coordinate and align implementation strategies:** This is an ongoing activity that will continue through Quarters 3-4.

### **Component 1 - Job Creation through Increasingly Competitive & Market-Oriented SMEs in Focus Sectors**

Following activities are planned for next quarter for Component 1

Activity Area	Tasks/Activities
2.1 Consult with firms in Component 1 focus sectors to identify business opportunities and challenges	Identify 10 Investment Opportunity Candidates
2.2 Evaluate and prioritize job-creating business opportunities	Select 4 Investment opportunities
3.1.1 Selective trade show attendance	Preparation for Keln Trade fair attendance Preparation for Regional Trade Fairs
3.1.2 Incoming / outgoing B2B for exports	Incoming B2B for Albania Market (Apparel Association) incoming B2B for German Market Outgoing B2B event in Albania
3.1.3 Domestic major buyer connections for import substitution	Meet at least 5 major buyers
3.2 Establish / recruit producer sales agents	Recruit 1 sales agent (Albania Market) Recruit 1 sales agent (German Market)
3.3.1 Map supply chains; facilitate clustering	Supply Chain Map initiated
3.3.2 Initiate annual domestic industry conventions in wood and apparel	Industry Convention initiated
3.4.1 Promote Kosovo producers in foreign trade publications for the wood and apparel industries	Promote Apparel industry in Albania Market
4.1.1 Provide technical assistance to align products to market trends and to adapt products for specific target markets	Up to 2 companies assisted to align products to market trends and to adapt products for specific target markets Up to 3 companies assisted to align products to market trends and to adapt products for specific target markets
4.1.2 Stimulate connections between local design schools and producers	Up to 10 connections between local design school and producers initiated
4.2.1 Provide technical assistance to improve factory productivity and quality management systems for certification	Technical Assistance for Improved Factory Productivity and QMS
4.2.2 Establish Quality Certification Fund(s) to help defray beneficiary costs	Establish Quality Certification Fund for up to 10 companies

## **Component 2: Job Creation through Workforce Development & in Opportunistic Sectors**

Following activities are planned for next quarter for Component 2

Activity Area	Tasks/Activities
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1.1 Consult with firms in Component 2 opportunistic sectors to identify business opportunities and challenges	Identify 4 Investment Opportunity Candidates
1.2 Evaluate and prioritize firm-level job-creating business opportunities in opportunistic sectors	Select 2 Investment opportunities
2.1.1 Selective trade show attendance	Preparation for Trade Show in Germany Preparation for Trade Show in Croatia
2.1.2 Incoming / outgoing B2B for exports	Preparation for trade Show in France Regional Meeting of Kosovo and Macedonian Tour Operators
2.1.3 Domestic major buyer connections for import substitution	Connect Producers of Pellets
3.1.2 Sponsor / advocate for firms with additional financial sources	Assess Municipal willingness to coo-finance Tourism Initiatives
4.1 Design and implement in-company or group of companies training and apprenticeship / internship programs to address skills needs specific to potential business opportunities	1 in-company training for one Energy Efficiency/Renewable Energy business 3 in company trainings for three different ICT businesses
4.2 Design and implement training programs for individuals in skills with high market demand	1 Training program for Women in ICT 1 Energy Efficiency/ RE training 3 ICT Training Programs
4.3 Incorporate courses for skills with continuous needs by multiple companies in regular curricula of VET institutions	Establish communication with Peja University to discuss their Tourism Curricula

### **Component 3: Strengthening Capacity of Local Partners**

EMPOWER will work closely with USAID in preparation of the process for selection of Lead Local Partner

#### **Priority Populations**

Following activities are planned for next quarter for Priority Populations Component

Activity Area	Tasks/Activities
1. Develop and implement job-creating training programs for priority populations	1.2.1 Identify and support activities originated by youth-focused organization that create jobs for youth 1.2.2 Prioritize training and job creation activities in sectors that employ youth
2. Support job creation in North Kosovo	2.1 Conduct dedicated interventions in North Kosovo in all of the activity areas of Components 1 and 2 above. 2.1.1 Support networking / outsourcing between South Kosovo and North Kosovo firms

