



EMPOWER PRIVATE SECTOR ACTIVITY

QUARTERLY REPORT #7

Project Year 2, January-March 2016



Rolleo, a woman-owned confectionary producer, opened its new factory on March 3, 2016. USAID Assistant Administrator for Europe and Eurasia Thomas O. Melia, joined by Deputy US Ambassador Jennifer Bachus and Swedish Embassy Charge d’Affaires Henrik Nilsson, officiated the inauguration ceremony. “It is such a great feeling to see my dream and vision come true,” said Lirie Ilazi, Rolleo’s owner, at the inauguration ceremony.



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PROJECT YEAR 2

JANUARY-MARCH 2016

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Cardno Emerging Markets USA, Ltd.

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EMPOWER Private Sector

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1. SUMMARY OF THE QUARTER

EMPOWER Private Sector (“EMPOWER”) is a USAID-sponsored project dedicated to Kosovo’s economic growth. It began in July 2014, has an expected term of five years, and an original budget of approximately \$10 million. The Project has a staff of 16 (plus 5 interns) and is headquartered in Pristina, with a branch office in North Mitrovica. It is implemented by Cardno Emerging Markets, with subcontractors Crimson Capital and RTC Consulting.

Sector	#	EMP \$000	CoFin \$000	#Firms
Apparel	4	60	50	1
Energy	4	112	683	3
ICT	2	34	191	1
Metal	3	41	117	5
Other	7	281	983	7
Tourism	1	10	20	3
Wood	9	179	634	11
TOTAL	30	\$717	\$2678	31

EMPOWER’s overarching objective is **job creation**. Job creation comes only from businesses that have growing sales and need to increase their employment in order to produce more goods and services for the market. To support job creation, EMPOWER aims to help *firms* expand and improve their capacities to sell into identified markets, while helping *individuals* obtain skills in demand on job markets by growing firms. These themes are reflected in EMPOWER’s two primary work components: (1) SME-level

competitiveness and (2) workforce development.

EMPOWER implements its assistance through technical assistance combined with grants

and procurements from its \$2.0 million Strategic Activities Fund (SAF). In early 2015, the Project issued a call for applications to the SAF, and by its closing at end-May it received almost 800

applications requesting nearly €40 million. After screening and evaluating these applications, essentially the entire fund was committed by the end of program Year 1.

EMPOWER initiated 30 new activities (interventions) during the quarter (Table 1), committing \$717K in program funding, and attracting \$2.7MM in co-finance from beneficiaries, other donors, GoK agencies, and banks.

Table 2 shows how the 30 interventions initiated during Q7 were broken down by support area. More than half supported the expansion of beneficiaries’ physical production capacities, one-third encouraged connection to markets, one new activity was focused on

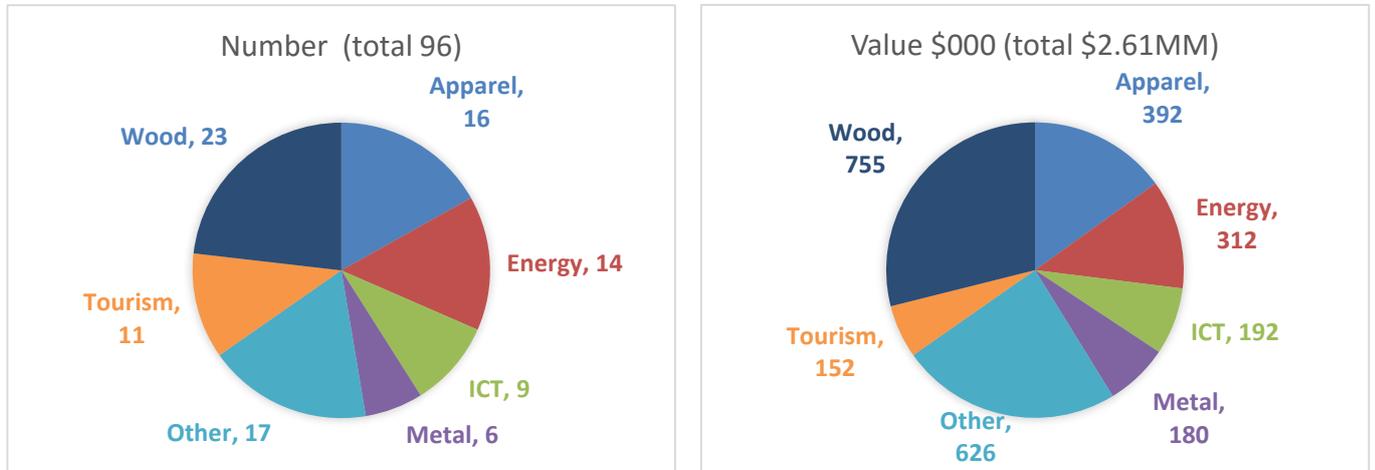
Support Area	# Actvts	# Firms	Value \$000		
			EMP	Co-Fin	Total
Production	18	16	611	2,447	3,058
Markets	10	15	82	178	260
Quality/Prdty	-	-	-	-	-
WfD / Skills	1	*	7	21	28
Business Envnt	1	*	17	32	49
TOTAL	30	31	\$717	\$2,678	\$3,395

* Participants were individuals

workforce skills development, and one on business environment improvement. 31 companies were beneficiaries of these new activities.

The following charts break down by economic sector all of EMPOWER’s approved and initiated discrete interventions, since project initiation in July 2014 through Q7:

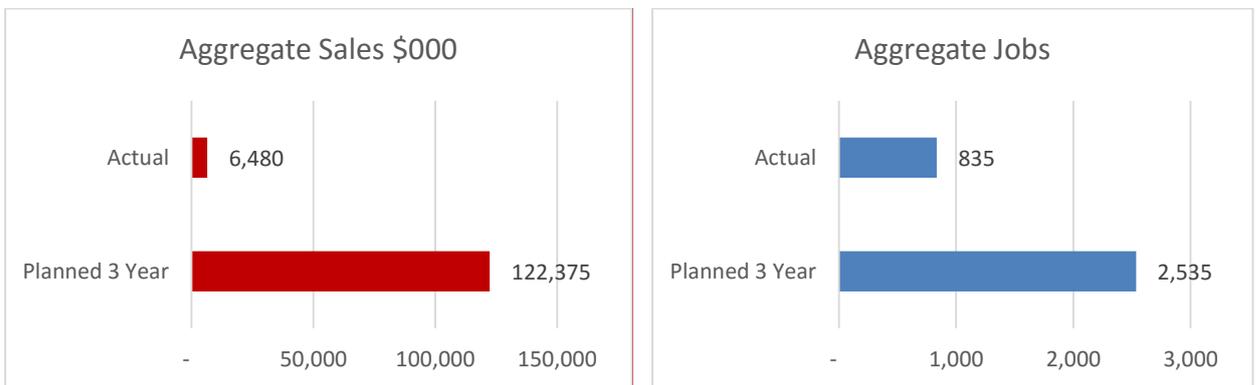
Figure 1: Distribution of EMPOWER Interventions by Sector



96 cumulative interventions approved through Q7 covered six discrete product sectors, plus “other”.

Overall impact of all 96 interventions approved and initiated through Q7, for both project components, showing both actual and expected results through the 3-year projection horizon, is:

Figure 2: Impact – Top-Line Indicators



This was the seventh running quarter of the Project, or the second quarter of Project Year 2 (Jan 1 – Mar 31, 2016). Table 3 provides a summary of results versus EMPOWER’s main Performance Management Indicators (PMIs) during the quarter.

Sector	#Jobs		Sales \$000		#Trainees
	Actual	3Yrs	Actual	3Yrs	
Apparel	16	55	275	3,234	0
Energy	30	72	128	5,966	6
ICT	59	25	650	647	143
Metal	2	30	93	2,013	0
Other	9	260	84	14,637	24
Tourism	0	14	6	754	0
Wood	93	123	1,228	12,497	0
TOTAL	209	579	\$2,464	\$39,748	173

During the quarter, EMPOWER beneficiaries added 209 actual new jobs and generated \$2.5MM in additional sales attributable to Project support. They added an expected 579 new jobs and almost \$40MM in additional sales over the 3-year projection period. 173 individuals were added to EMPOWER-supported training and internship programs during the quarter.

From the beginning of the Project through Q7, EMPOWER's cumulative impact is updated in the following table:

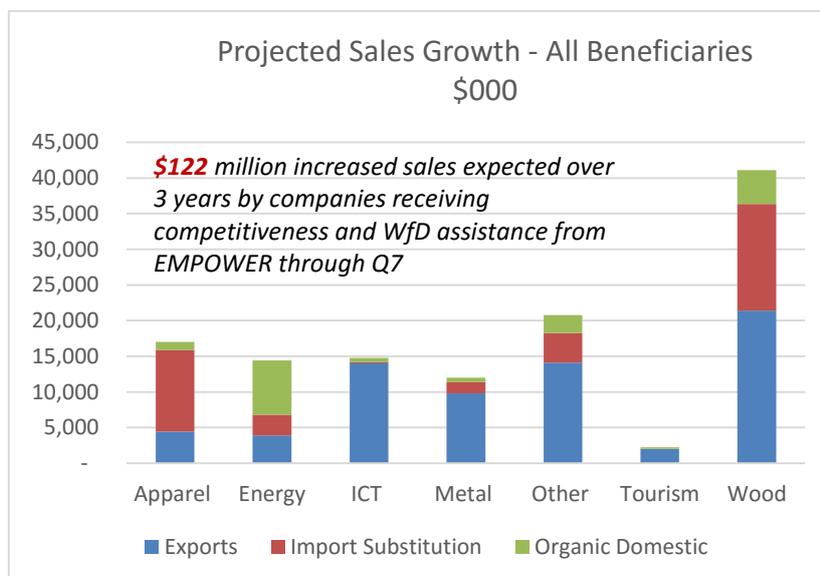
Sector	#Actvts	EMP \$000	CoFin \$000	#Bens	#Jobs		#Trainees	Sales \$000	
					Actual	3Yrs		Actual	3Yrs
Apparel	16	391	1,047	16	162	336	99	1,234	17,010
Energy	14	313	927	11	53	311	20	491	14,434
ICT	9	192	738	4	329	616	409	1,915	14,796
Metal	6	180	1,196	8	6	129	0	98	12,020
Other	17	626	1,873	28	39	468	56	214	20,783
Tourism	11	152	254	43	0	24	54	116	2,249
Wood	23	755	4,203	24	246	651	40	2,413	41,084
TOTAL	96	\$2609	\$10,238	134	835	2535	678	\$6,481	\$122,376

Overall Summary of Results: By the end of the quarter, EMPOWER had initiated a total of 96 activities – approximately three new interventions per week since the beginning of the project – and invested \$2.61MM in funding, complemented by \$10.2MM in co-financing from beneficiaries, other donors, GoK agencies, and financial institutions, for a leverage ratio of 4.9x. These interventions have created 835 actual jobs and \$6.48MM in new sales to date, and are expected to generate about 2,535 new jobs and \$122MM in new sales over the coming 3 years. 678 individuals participated in EMPOWER-supported workforce skills training programs through the end of the report quarter.

2. ACTIVITIES AND TASKS VS. WORKPLAN

The main body of this report, which follows, is organized according to EMPOWER’s Year 2 Workplan. Each section covers Project Quarter #7: 1-Jan to 31-Mar-16.

The narrative sections below survey activities and results in major task areas. Following this, in Annex 1, is a tabular listing of the detailed Year 2 Workplan and Results to Date, with detailed actual versus expected results to date for every line item. The codes entered in paragraph headings below refer to line items in the detailed Workplan.



Annex 2 provides a table

describing the status of each EMPOWER intervention since the project began, rating each “green” (AOK), “yellow” (watch list), “red” (significant concerns), or “grey” (cancelled) according to performance vs. expectations. Of 84 activities described there, only one is rated “red”, 13 are rated “yellow”, 69 are rated “green”, and one is “grey”. Most of the “yellows” are due mainly to delays in achievement of grant-related milestones, not because of concerns about their business and job creation prospects. The one “red”, attributable to purposeful misinformation by the grantee, was terminated, and EMPOWER removed / recovered the equipment that had been granted.

Annex 3 provides a list of all SAF-funded grants and procurements as of the end of Q7.

2.1 General and Administrative

2.1.1 Strategic Activities Fund Management

EMPOWER received 791 applications in response to its first request for applications for SAF funding launched in January 2015 and closed in May. The screening process for these continued throughout 2015. By the end of Q7, 639 concept notes had been reviewed and not accepted, 77 were still in the screening process, and 82 were approved or expected to be.

The following table provides SAF status as of the end of Quarter 7:

Status	Number	SAF	Co-Finance	Jobs	Leverage	SAF / JOB
Approved & Signed	71	\$2,143,401	\$8,792,585	2155	5.1	\$995
Approved; not yet Signed	11	\$384,466	\$1,319,922	334	4.4	\$1,151

Table 5: SAF Grants & Procurements Approved by Type – through Q7						
Status	Number	SAF	Co-Finance	Jobs	Leverage	SAF / JOB
Total Approved	82	\$2,527,867	\$10,112,507	2489	5.0	\$1,016
Breakdown by Category						
Production Expansion	53	\$2,025,830	\$9,048,450	1583	5.5	\$1,280
Connection to Markets	15	\$185,218	\$355,174	166	2.9	\$1,116
Workforce Development	14	\$316,819	\$708,883	740	3.2	\$428
<i>Of which:</i>						
North Kosovo	15	\$602,198	\$1,382,122	403	3.3	\$1,494
Microenterprise	31	\$833,509	\$ 2,397,336	521	2.9	\$1,601

This is an increase of 25 total SAF approved grants and procurements during the quarter, for an additional \$588K in funding. (EMPOWER initiated another 5 activities during the quarter funded by other budget lines.) 20 awards for \$429K were signed during the quarter. The majority of grants continued to be for production expansion.

71 grants and procurements for a total of \$2.14 million in SAF funds were approved and signed by the end of Q7, of which \$1.24 million was actually disbursed by March 31, 2016.

By the end of Q7, of SAF beneficiary companies, 38% were microenterprises, and 18% were in North Kosovo.

At \$1,016 overall, EMPOWER continued to be close to the nonbinding guideline of \$1,000 in SAF funding per new job through Q7.

Annex 3 to this report provides a list of all SAF-funded grants and procurements provided by EMPOWER by the end of Q7.

2.1.2 Public Events and Communications

EMPOWER printed materials, Facebook page and Website: In Q7, EMPOWER continued the publication and circulation of a monthly two-page newsletter, releasing numbers 10, 11, and 12. The newsletter has a broad audience, including EMPOWER beneficiaries and the business community at large, government institutions, and the general public. It is published electronically in three languages on the Project's website and Facebook page. Printed copies are exhibited in the Project office and distributed at meetings and events.

Facebook continues to be a powerful communications tool for EMPOWER. 51 postings during the quarter reported events, news, and other important information to a broad audience including over 2,570 people who "like" the Project's page. EMPOWER also posted 35 updates to its web page during Q7. All information is available in three languages.

Significant Media Attention: Four EMPOWER-supported events received wide media publicity during the quarter: (i) the inauguration by USAID Kosovo Mission Director Hope of the opening of a new production line of single-packed wet wipes at Ultra Cosmetics in Pejë/Peć, (ii) the establishment of the VET Local Council in Prizren, (iii) the launching of the

#EcShlirë mobile application to help women report harassment, and (iv) the opening by Assistant Administrator Melia, Deputy Ambassador Bachus, and USAID Mission Director Hope of the new confectionary factory Rolleo in Ferizaj / Uroševac.

In addition, four TV shows or interviews where EMPOWER activities were discussed or presented were aired in RTK, TV21, and KlanKosova. Videos of these segments were posted on the Project's website and shared on Facebook. EMPOWER staff and KAMA board member were guests in Radio Kosova live show *Fokus*.

Sector Identity and Promotion: In Q7, the logos for KAMA and AWPK were approved, together with the slogans to be used in promotional materials. Following the selection of a local company, EMPOWER started the development of two web portals; one for the apparel, and the other for the wood processing industry, expected to be launched in Q8. The process is implemented in close collaboration with the sector associations.

2.2 Component 1: Competitive SMEs

EMPOWER's work in this component involves direct support to businesses with market opportunities for firm level growth. This means helping them in four major categories: (i) expanding production capacities, (ii) connecting to markets (export and import substitution), (iii) improving productivity and quality, and (iv) obtaining skilled workers (workforce development). EMPOWER Component 1 covers the first three of these, and Component 2 (below) the fourth. Companies targeted for this support are mainly in the wood, apparel, energy, tourism, and metal sectors.

In Project Year 2, EMPOWER continues to help companies facing excess demand in their markets expand their production capacities as in Year 1, and is widening its assistance in market connections, through trade show attendance and recruitment of sales agents, crucial for exports. Following assessment reports already completed, EMPOWER will begin intensive support during Year 2 in productivity improvement and quality and safety standards / certifications.

EMPOWER also seeks to elevate to policymakers issues in the doing business environment that constrain growth and job creation in its focus sectors. In this connection the Project is organizing first-ever domestic industry conventions for the wood and energy sectors, which will also promote sales, strengthen internal networking, and elevate public awareness of the successes of these sectors and the benefits of private sector development for job creation and environmental sustainability.

Summary of Component 1 Results: During this quarter, EMPOWER approved 29 activities in Component 1, 18 of which in production expansion and 11 in connection to markets. Production expansion investments totalled about \$611,100 for 16 company beneficiaries, leveraging \$2,274,700 in co-funding, mostly from owners and to some extent from banks. These investments are expected to create 512 new jobs and generate sales of \$31MM over the next 3 years.



USAID Assistant Administrator Thomas A. Melia, USAID Mission Director James Hope, and owner Lirie Ilazi opened the new confectionary factory Rolleo in Ferizaj/Uroševac, which in 3 years is expected to employ 37 women.

Connection to markets interventions accounted for \$99,600 in EMPOWER funding, leveraging \$209,954 from beneficiary companies, other donors, and GoK agencies. These benefitted 15 companies and are expected to create 62 new jobs and generate sales of \$8MM over the next 3 years.

To date, EMPOWER has approved 80 Component 1 activities, for which EMPOWER has committed \$2,287,500 and leveraged \$9,4MM in total co-funding. These activities include 104 unique company beneficiaries, are expected to create 1,795 new jobs and generate \$107MM in sales over the next 3 years. 53 of the investments have been for production expansion, and 27 for connection to markets. 18 of the latter have been for trade fair attendance. With an EMPOWER investment of \$114K, beneficiaries have realized \$1.5MM in sales through Q7, and are expected to deliver \$11.8MM over the coming 3 years.

Type	# Actvties		# Firms		EMP \$000		Co-Fin \$000		3 Yr Jobs		3 Yr Sales \$000	
	Q7	Cuml	Q7	Cuml	Q7	Cuml	Q7	Cuml	Q7	Cuml	Q7	Cuml
Production	18	53	16	61	611	2,026	2,275	8,876	512	1,583	31,394	90,540
Markets	11	27	15	43	100	262	210	476	62	212	8,355	16,028
TOTAL	29	80	31	104	\$ 711	\$ 2,288	\$ 2,485	\$ 9,352	574	1,795	\$ 39,749	\$ 106,567

2.2.1 Wood Sector

Production Expansion: During the reporting period, EMPOWER signed three grants with wood processing companies (Daqa, Marles, and Doni) totalling \$74K , expected to create 56 new jobs, of which 1 is for women and 23 for youth. Three additional expansion opportunities needing growth finance were identified (Dekoriti, Lumi, and Berto), which are expected to be finalized, approved, and signed in the next quarter.

A total of 12 grants for expansion have been awarded and signed for this sector to date (see table) with SAF investment of \$537K, and leveraging co-investment of \$3.6MM. These signed grants will create 457 jobs over the next 3 years, of which 126 are for women and 339 for youth. Expected sales from these 12 signed grants is \$28MM over the 3-year period.

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
Binni	Vushtrri	35,765	448,500	28	3	20
Daqa	Ferizaj	23,000	139,380	16	1	3
Doni	Mitrovica	21,850	12,075	19	0	10
Elnor	Gračanica	57,500	75,900	50	0	50
Godzi	Zvečan	46,000	105,800	18	0	10
Marković	Zubin Potok	9,200	4,830	6	0	6
Marles	Mitrovica	29,325	139,725	21	0	10
Palma	Gjilan	57,500	976,235	50	10	50
Sela Impex	Ferizaj	57,500	133,400	50	15	50

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
Shehu	Drenas	46,000	299,000	36	2	30
Te Naseri	Suhareka	66,700	886,650	100	70	50
Tefik Çanga	Ferizaj	86,250	385,250	63	25	50
Total		\$ 536,590	\$ 3,606,745	457	126	339

Connection to Markets: In January, together with AWPk, EMPOWER supported a successful exhibition by three Kosovo wood processing companies at the SwissBau construction and interiors fair, in Basel, Switzerland. As a result of business contacts made at the fair, the exhibiting companies – Shehu, Elnor, and Lesna – subsequently gained permanent presence in the Swiss market. Elnor established its own showroom in Zurich, and Shehu and Lesna agreed with Cré habitat, a Basel-based furniture and interiors distributor, to represent their products. The three companies are now exporting to Switzerland, France, and Germany.



On January 2016, Elnor, Shehu, and Lesna, exhibited their products ranging from kitchens, chairs, and wooden stairs to doors and windows at the 5-day international furniture and interior fair SwissBau in Basel, Switzerland

EMPOWER, in cooperation with AWPk, organized participation at two regional furniture trade fairs, in Tirana and Skopje. The International Furniture Fair in Tirana, in March 2016, was both B2C and B2B, and there was significant business opportunity in direct orders. Together, the Kosovo companies (Koba, Sharra, Gaterri, Hoti, Lesna, and Daqa) obtained \$300K in provisional and actual orders, with more that will certainly follow the fair. Attendance led Koba to decide to exhibit at an upcoming regional interior fair, in Budva, Montenegro, in collaboration with an Albanian company. Meanwhile, Lesna will expand its Tirana showroom, and Daqa is in the final stages of opening one there.

Producer Sales Agency Established

The Stuttgart Germany-based producer sales agency (PSA), Kelmendi HolzMoebel, was introduced to Kosovo producers as a result of their attendance at a trade fair in Germany supported by EMPOWER last Fall. This quarter the PSA signed contracts with five Kosovo solid wood furniture producers: Elnor, Dekoriti, Deva, Kelmendi, and Balaj M, and is expected to finalize contracts with Tefik Canga and Shehu. Developing PSA relationships for Kosovo exporters is a key EMPOWER strategy, and this is the first one formally established. The PSA has developed customized German-language branding for Kosovo products (Schwarzwald Massivholz), and each unit will carry this label.

In March 2016, Ahikos, Daqa, and Elnor exhibited at the International Furniture Fair in Skopje, and managed to attract attention from the biggest showrooms in Macedonia, thanks to product quality and geographic proximity. During May/June 2016, the two biggest showroom chains from Macedonia, Kristina Damil and Vardar Mebel, will visit Ahikos and Elnor in order to initiate orders.

During this quarter, together with AWPk, EMPOWER also organized a B2B mission to the IMM fair, in Cologne, Germany, Europe's largest annual furniture industry show. The aim of this trip was to gain

knowledge of product and market trends, make buyer and agent contacts for future sales and job growth, and be prepared to mount a joint Kosovo products exhibition in 2017 and future years. Kosovo kitchen and other cabinetry producers identified market opportunities through large wholesalers/distributors, retail chains, and contractors. Palma, Binni, Graniti, and Berto are interested to exhibit in 2017.

Recognizing that most sales come from person-to-person business relationships, in this quarter EMPOWER in cooperation with AWPK established Producer Sales Agency (PSA). Already, for the German market solid wood furniture market, at the MOW fair, EMPOWER facilitated connection between the Kosovo producers and the PSA (see box). An investment of \$29K by EMPOWER and co-investment of \$80K, is expected to generate at least \$4MM sales over 3 years.

Planning is underway for the Domestic Wood Industry Convention to be held in September 2016. It will consist of a “policy forum”, strategy and marketing workshops, trade show / B2B, product design contest, and possibly job fair, and will be well publicized. EMPOWER is planning to engage focused STTA and and Event Manager who will help plan, coordinate, and execute activities related to this convention.

Productivity and Quality: During the report quarter, EMPOWER initiated discussion with KIESA, SDC PPSE, and EBRD to cooperate in supporting companies to obtain mandatory and market-driven quality and safety standards certifications, especially as required for export markets. It is expected that each of the collaborators will set aside funds to help beneficiaries defray these costs, and that assistance will be implemented through EBRD’s established network of quality and certification consultants.

In this connection, EMPOWER with STTA and AWPK conducted site visits to companies in the wood sector to identify those needing manufacturing productivity and quality improvement. They can be supported by the forthcoming EBRD collaboration.

2.2.2 Apparel Sector

Production Expansion: EMPOWER did not add any new capacity expansion grants with apparel companies during the quarter to the 8 already provided for \$300K in SAF investment, leveraging co-investment of \$934K. These expansions are expected to enable \$12MM in new sales over the coming 3 years, and create 245 new jobs, of which 197 will be women and 143 youth.

During the quarter EMPOWER decided to terminate a grant to Nori Tex, a producer of underwear in Vushtrri. The grantee misinformed EMPOWER as to important grant milestones, and failed to comply with conditions of the grant agreement. Consequently, EMPOWER seized all the equipment that had been purchased with the grant, fully recovering its investment. Fortunately, this equipment (now in storage) is identical to what is needed by at least one other prospective EMPOWER grantee, so is expected to be redeployed soon.

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
In Design	Čaglavica	54,050	153,916	31.5	20	5
KosovaTex	Pristina	17,940	14,950	12	12	7

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
Menakon	Gjilan	13,100	5,750	15	15	7
Nori Tex <i>Terminated</i>	Vushtrri	24,150	0	0	0	0
Solid	Suhareka	57,500	46,000	55	40	30
STAFF	Podujevo	86,250	596,505	80	65	55
Unikat	Peja	41,400	88,550	45	40	35
Yllka Brada	Pristina	5,537	29,152	6	5	4
Total		\$299,927	\$934,824	244.545	197	143

Connection to Markets: In February 2016, with EMPOWER' support, two Kosovo producers visited the Global Destination for Shoes and Accessories (GDS) fair in Düsseldorf, Germany, which is dedicated to footwear for men, women and children. This fair was the first joint foreign marketing effort by Kosovo footwear producers. The two Kosovo producers – Muli Shoes and Bobi Shoes – met with dozens of companies. At least two – Josef Siebel and Cosmos Cordes – expressed interest in visiting Kosovo factories and initiating business. (Unfortunately, a major fire at Geris, a Ferizaj slipper producer, derailed one large order that was in process.)

Following business connections initiated at the A+A Workwear fair in Düsseldorf last October, for which EMPOWER supported the attendance of Kosovo uniform producers, a large Dutch workwear company, VPtex, visited Kosovo apparel factories with EMPOWER's facilitation. This resulted in a test order for work trousers and jackets with Intertex of Gjakova, which is now completing the third and the final test phase for 500 pieces prior to signing a contract for regular export.

As a result of earlier support for trade fair attendance, one potential Producer Sales Agent (PSA) has been identified for the apparel sector, initially targeting Switzerland. In April, the prospective PSA will visit four companies to prepare for an upcoming workwear trade show in Bern, in June 2016.

EMPOWER is supporting apparel companies to increase the potential for market development through the Kosovo Apparel Marketing Association (KAMA), catalyzed by the Project in 2015. KAMA is working with apparel companies to develop a prioritized action plan for support of the sector, especially in marketing, and to recruit permanent dues-paying members so that the organization can become self-sustaining. KAMA is now located in independent office space and is equipped. In Q7, the Project supported the Executive Director to prepare for the GDS Fair and Fashion Weekend Skopje, and to establish its internet portal. In addition, KAMA organized Board of Directors meetings, working group meetings, and started planning participation at upcoming trade fairs.

In order to gain an adequate level of readiness, EMPOWER decided to delay the planned domestic apparel industry convention until project Year 3.

Productivity and Quality. In Q7, EMPOWER identified two potential STTA's for productivity technical assistance. With very few exceptions, Kosovo apparel producers need to substantially upgrade their product quality in order to reach the standard needed by EU buyers and be able to compete for export business.

2.2.3 Energy Sector

As in other sectors, EMPOWER’s focus in energy is to help private producers address the competitiveness challenges they face in realizing market opportunities, so that they can create more jobs. At the same time, EMPOWER supports activities in energy that help address global climate change. Therefore, in this sector EMPOWER’s job-creating company beneficiaries are (i) producers of renewable energy resources – mainly biomass and solar, (ii) producers of construction materials and elements that promote energy efficiency, and (iii) recyclers.

EMPOWER has organized three energy industry cluster groups, each consisting of 8-12 companies – in solar, biomass pellets, and recycling. During Q7 the Project organized four meetings of these clusters.

The main topics of the solar, geothermal, and wind energy cluster were: installation and maintenance training needs, co-ordination with KEDS, the upcoming “Green Festival” that EMPOWER is organizing, and EMPOWER’s “10,000 solar roofs” initiative. EMPOWER also facilitated a meeting between KEDS, the electricity distributor, and the solar cluster. Noting the previous absence of organized communication with the private sector, and its need for more information about what is going on in renewable energy, KEDS stated its appreciation for the formation of the cluster, and its hope that such meetings will be continued.

Solar Cluster Trainings

Jaha Energy, a new solar panel producer and member of the EMPOWER-initiated solar cluster, identified a German company, Victron Energy, to train solar systems installers. EMPOWER is in the process of identifying and harmonizing training standard requirements with MED/EU and solar cluster. Training is set for May 18-19, in Prishtina. More details will be provided in the following quarter.

Technical issues were discussed, including connection to the KEDS grid, and the need for standards, net metering, feed-in tariffs, and load balancing. KEDS confirmed that no permit is needed to install an off-grid generation facility at less than 2 MW capacity, and reported that about 20MW of grid-connected electricity generating projects had been submitted to ERO for approval, with about 10MW of permits had been issued.

Production Expansion: Two capacity expansion grants were signed for this sector during quarter 7 (Green Steam, a cleaning services provider, and Elektroni, a builder of electricity system pillars), with SAF investment of \$40K, and co-investment of \$340K. These activities will create 35 new jobs over 3 years, of which four are for women and three for youth.

7 expansion grants have been awarded and signed for energy sector companies to date, with SAF investment of \$173K and leveraging co-investment of over \$489K. They are expected to enable \$12MM in new sales over the coming 3 years, and create 160 new jobs, of which 35 will be women and 52 youth.

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
Elektroni	Suhareka	23,000	318,550	16	0	0
Enrad	Gjilan	4,025	3,655	30	3	15
Europa	Leposavić	51,635	59,800	20	4	16

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
GreenSteam	Pristina	17,250	21,275	19	4	3
Izolimi Plast	Obilić	34,500	46,575	35	19	4
Jeta - H	Deçan	13,800	15,234	12	0	12
OSA Termostm	Rahovec	28,750	24,150	28	5	2
Total		\$ 172,960	\$ 489,239	160	35	52

During Q7 the *Engine Oil Recycling Assessment*, which supported production expansion at beneficiary BTP Holding, was finalized and was translated in three languages, it will be published in Q8.

Also, a glass waste recycling assessment was initiated in Q6 and finalised in Q7. This assessment supported the establishment of Orient Kosova, a new factory in Mitrovica, to produce mosaic wall tiles, which are currently imported from Turkey. EMPOWER's \$8K



Orient Kosova, a producer of wall tiles, uses glass waste to create beautiful products used in kitchens and bathrooms, with significant employment of women and minorities in Mitrovica

investment in the critical waste glass supply assessment will help create 17 new jobs this quarter, expected to reach to 40 jobs in Q8. Orient Kosova thus becomes the first glass waste recycler in Kosovo.

The *Biomass Pellet Fuel Value Chain Assessment* published by EMPOWER in 2015 observed that Kosovo pellet consumers could not be guaranteed of the quality of Kosovo-produced pellets, because none had gone through any kind of testing, and were not certified, therefore facing a disadvantage to imported pellets. Consequently, EMPOWER commissioned a lab analysis per EN 14961-1 standard, with 10 Kosovo pellet producers and 2 importers

participating. The analysis was completed in Q6 and initial results were encouraging for the quality of domestically-produced pellets. Complete and final analysis were discussed with the cluster in Q7. To validate the results, the pellets cluster agreed to cooperate in two more rounds of pellet analysis, one in the summer and one in autumn of this year. One producer has already started using the positive results its product obtained in the first test in its labelling.

Connection to Markets: Intensive preparation for the Green Festival continued in Q7. It will take place alongside the EXPOKOS fair in Pristina over May 25-27. A



In January, EMPOWER brought together 25 stakeholders (7 pellet producers and relevant government and donor representatives) to discuss finding of the pellet analysis. Conclusions and findings from the pellet analysis were quite positive.

3-day exhibition and forum is planned, along with “parallel activities” in public to promote green energy technologies, energy efficiency in construction, and recycling. Other donors and GoK agencies will collaborate. The “Green Pavilion” exhibition spacing was designed and 18 energy sector companies confirmed their participation, including solar, wood biomass, recyclers, and energy efficiency construction materials producers. The Green Festival branding is finalized and promotional materials agreed on.

Further attendance at international fairs for insulation materials and renewable energy-using stoves and appliances is scheduled for Fall 2017.

Productivity and Quality. a study tour and product quality training to Vienna, Austria, for wood pellet producers is planned for the next quarter. Participants are expected to be 7-10 pellet producers, a laboratory representative, and a MAFRED forestry agency representative.

2.2.4 Tourism Sector

Production Expansion: EMPOWER’s work to improve the tourism product can be categorized as supporting firm-level expansion, even when shared by all beneficiaries. In this connection, EMPOWER earlier provided a grant to support the mapping and marking of the Kosovo sections of the Via Dinarica trail, which runs from Slovenia to Macedonia. This work will be continued during the coming warm season. This will include an assessment of other infrastructure needs along the trail, such as overnight facilities.

Market Development: Following EMPOWER’s collaboration with KIESA and SDC PPSE during Q6 in the selection of trade fairs for 2016, EMPOWER supported the participation of 8 Kosovo tour operators at ITB Berlin in March 2016, the largest annual European tourism industry fair. In addition, jointly with KIESA and the French Embassy in Pristina, EMPOWER supported the attendance of 4 Kosovo operators at Destination Natur Paris. Kosovo operators are establishing continued presence at these fairs, which is essential for developing sustainable business.

Attendance at Destination Natur Paris earlier stimulated the interest of a large French tourism guidebook publisher, Le Petit Fute, to produce a book for Kosovo. This was published during the report quarter (see <http://www.petitfute.com/p209-kosovo/>). EMPOWER collaborated with the French Embassy Pristina and the publisher in co-funding the preparation of the guidebook. Its was officially launched at Destination Natur Paris in March.

In addition, jointly with USAID/REG and USAID Macedonia SBEP, and the Via Dinarica Business Alliance, EMPOWER supported the publication of a section in Le Petit Fute’s world hiking guidebook focused only on Via Dinarica.

Extensive preparations for the ATTA Adventure Next 2016 Summit and related FAM trips were undertaken during the quarter. EMPOWER, with KIESA, will enable Kosovo to be a key sponsor of the event, taking place in Ohrid, Macedonia, in May 2016. The sponsorship will put Kosovo in the spotlight as a growing adventure tourism destination in the Balkans.

Business Environment: Following the successful collaboration with the French Embassy in Pristina and the Kosovo Alpine



Mountaineering Federation training 16 professional mountaineers in Q6, this core group established the Kosovo Mountain Guide Association (KMGA). The KMGA will organize the mountain/adventure guide community towards a better-regulated and supported industry. The establishment of the association is a direct result of EMPOWER support in developing human resources for adventure tourism.

Working with USAID/P4D, EMPOWER provided input for amendment of the Kosovo tourism law, recommending the recognition of the adventure guide category in the new law. EMPOWER will support the association in developing professional standards and training curricula for adventure/mountaineering guides, and in the obtaining membership in the Union of International Mountain Leader Associations (UIMLA).

2.2.5 Metal Sector

Though not originally a focus sector, EMPOWER is expanding support to metal processors, who have significant job creation opportunities. To date, EMPOWER has approved six investments in the sector, five in production expansion and one in market connections.

Production Expansion: In Q7, EMPOWER approved 3 production expansion activities in the metal sector, for (i) Jasin, a stainless steel appliances manufacturer, (ii) Behari, a sandwich panel producer, and (iii) Shkodra, a decorative wrought iron manufacturer. However, the activity with Behari was cancelled during the quarter, because the equipment that the company planned to purchase turned out to be considerably more expensive than expected. No funds had been disbursed, and the company may come back with a new application if able to increase its co-funding. Certainly this is a viable business – there is a strong local market for sandwich panels.

Employment of Ethnic Minorities

Jasin, established in 1968 as an artisanal sole proprietorship and re-registered in 2000 as a regular company, produces industrial cooking equipment, bakery displays, and cooling appliances, made of stainless steel. It needed better technology for energy efficient appliance insulation, which an EMPOWER grant is helping it acquire. In 2015, Jasin exported 50% of its production to Sweden, Switzerland, and Montenegro. In 3 years, the company will hire 30 new employees, 24 of whom will be ethnic minorities: Kosovo Bosniaks and Goranis.

Cumulatively through the end of Q7, EMPOWER had signed three successful capacity expansion investments for \$139K, leveraging \$1,080K, and expected to create 99 new jobs in 3 years, 5 of which women and 28 youth.

Grantee	Location	SAF	Co-Invest	Jobs (3 Yrs)		
				Total	Women	Youth
Ebbers Group	Rahovec	63,250	603,750	52	2	15
Monter-B	Leposavić	21,850	40,825	11	0	6
Shkodra	Fushe Kosova	53,647	435,102	36	3	7
Total		\$ 138,747	\$ 1,079,677	99	5	28

Connection to Markets: In collaboration with GIZ Kosovo, EMPOWER prepared support for a delegation of metal processors to visit a large metal industry trade show in Düsseldorf, Germany, in Q8.

2.2.6 Other Sectors

Production Expansion: During Q7 EMPOWER signed three production expansion grants in “other” sectors, two of which were in the food sector in North Kosovo. The EMPOWER investment of \$126K has leveraged \$496 and is expected to stimulate the creation of 102 jobs over 3 years, 41 of which for women and 29 for youth.

EMPOWER grant beneficiary Ultra Cosmetics held a ribbon-cutting event in February 2016, at its wet wipes production operation in Peja. The company has begun exporting wet wipes to Belgium, Holland, France, Italy and Poland. During the quarter the company expanded its product range into body wipes and beverages for the exercise / gym market, which it successfully launched at the Dubai Food Fair in February. EMPOWER’s co-funding has already helped create 17 new jobs.



Ultra-Cosmetics ribbon cutting ceremony, February 2016, in Peja, with USAID Mission Director James Hope and General Director Labinot Gruda.

Cumulative through Q7, the 10 other-sector expansion grants that have been approved to date are expected to enable \$10.9 in new sales over the coming 3 years, and create 310 jobs, 164 of which for women and 133 for youth.

Table 11: Other Sectors Expansion Grants Signed through Q7

Grantee	Product	Location	SAF	Co-Invest	Jobs (3 Yrs)		
					Total	Women	Youth
Agro-Centar	Apples	Leposavić	50,140	63,825	18	13	10
Aves-Prom	Chicken	Zvečan	31,855	41,170	14	12	6
KCBS	Vegetables	Mitrovica N	104,788	13,800	54	15	15
Liri	Candy	Prizren	28,750	60,662	32	11	4
Milos & Marta	Pastries	Leposavić	16,445	40,480	12	10	5
NGO CWD	Childcare	Mitrovica N	17,733	9,136	30	30	15
Peppermint Intl	Essential Oils	Leposavić	80,500	392,150	58	20	20
Pure Power	Air Filters	Ferizaj	40,250	40,250	28	9	19
Rolleo	Pastries	Ferizaj	46,000	390,919	40	37	15
Ultra Cosmetics	Wet Wipes	Peja	34,500	345,000	24	7	24
10 Companies			\$ 450,961	\$ 1,397,392	310	164	133

Connection to Markets: EMPOWER worked with Ultra Cosmetics to prepare for its attendance at the International Foods EPPS Fair in Tampa, Florida, USA, 24-26 July 2016.

2.3 Component 2: Workforce Development

As is the case for interventions to build SME competitiveness, most of EMPOWER’s investments in Workforce Development (WfD) are based on the potential for creating actual permanent jobs during or shortly following the skills-related activity. As a result, EMPOWER focuses mainly on in-company (on-the-job and internships) and Institutional trainings for skills that companies actually need.

In addition, EMPOWER supports the systemic improvement of the VET system particularly through its initiative to establish Vocational Education and Training Local Councils – VETLCs – to institutionalize public-private dialogue between business, education and training providers, and local and national education officials.

Summary of Component 2 Results: During this quarter, previously-initiated in-company and institutional WfD activities supported by EMPOWER continued, mainly in the ICT sector. A new grant supported development of an innovative mobile application, mainly targeted at women, to help them report situations of actual or threatened sexual harassment.

During Q7 there were 173 participants active in EMPOWER-supported skills programs, OTJ job and internships and institutional, of whom 137 were women, 143 were youth, and 24 were in North Kosovo. To date, the total number of trainees in EMPOWER supported workforce development activities has reached 678.

Through Q7, EMPOWER has approved 16 WfD activities, of which 9 are Institutional and 7 are In-company skills trainings. The institutional activities represent \$150K of EMPOWER investment, \$278K in co-finance, with 25 unique company beneficiaries, and are expected to create 173 jobs over 3 years. In-company skills trainings have involvee 5 company beneficiaries for \$321M from EMPOWER and \$437 in co-finance, and are expected to create 567 new jobs and \$14.5MM in sales over 3 years.

EMPOWER also catalyzed the formation of a first VETLC, in Prizren, which held its first official meeting during the report quarter.

Table 12: **Component 2 – Workforce Development**

Type	# of Activities		# of Firms		EMP \$000		Co-Fin \$000		3 Yr Jobs		3 Yr Sales \$000	
	Q7	Cuml	Q7	Cuml	Q7	Cuml	Q7	Cuml	Q7	Cuml	Q7	Cuml
Institutional	1	9	0	25	7	150	21	278	5	173	0	0
In-company	0	7	0	5	0	171	0	437	0	567	0	14,593
TOTAL	1	16	0	30	7	\$ 321	21	\$ 715	5	740	0	\$ 14,593

The following table summarizes participation in EMPOWER-supported workforce development programs, during Q7 and cumulatively:

Table 13: **Training Participants**

Sector	Tot Trainees		Women		Youth		Marginalized		N Kosovo	
	Q7	Cum.	Q7	Cum.	Q7	Cum.	Q7	Cum.	Q7	Cum.
Apparel	0	99	0	61	0	56	0	17	0	0
Energy	6	20	0	0	2	10	0	0	0	0
ICT	143	409	113	291	135	336	1	6	0	0
Metal	0	0	0	0	0	0	0	0	0	0
Other	24	56	24	37	6	29	0	1	24	38
Tourism	0	54	0	13	0	7	0	0	0	1
Wood	0	40	0	13	0	26	0	0	0	0
TOTAL	173	678	137	415	143	464	1	24	24	39

VET Local Council (VETLCs): The establishment of local VET councils is a key EMPOWER strategy for improving the workforce development system in Kosovo. These councils are intended to promote regular communication among representatives of the private sector, education and training institutions, and local municipal officials. EMPOWER facilitated the establishment of the first of these VETLCs in Prizren, with a kick-off meeting on February 16, attended by approximately 50 participants who elected a widely representative board of 17 members, and a Chair. At the first regular meeting of the Board two weeks later, it was agreed to conduct a survey to identify workforce skills needs on the one hand, and the capabilities and offerings of educational institutions on the other. During this quarter, EMPOWER received an official request from AVETAE (Agency for Educational Education and Training and Adult Education) asking for support to establish VETLCs in Pristina and Mitrovica. The Department for VET at MEST also fully supports EMPOWER’s VETLC initiative.

In-Company Skills Training: An internship program in wood processing through AWPK was completed during Q7, and 29 of the 40 interns have already been employed. In addition, 39 youth completed in-company training at EMPOWER grantee AdaptivIT, a business information applications developer, and 32 of them were employed immediately by the company.



On February 26, 2016, the first cohort of Females in IT (FIT) program received the certificates of successful completion of the program at a ceremony organized at A.U.K

Institutional Skills Training : EMPOWER’s focus in ICT continues to be primarily in skills development, in view of the ongoing market demand for skilled programmers. During Q6, EMPOWER had signed a grant agreement with the

Kosovo Information and Communication Technology Association (STIKK), to co-finance the launch of the STIKK Education Academy. The initial course will involve 90 participants for training, certification, internships, and employment. In Q7, the STIKK Education platform was launched, and a call for applications opened; the training will start in Q8. During Q7, the first group of 40 women graduated from an EMPOWER-supported program at AUK to certify women in IT skills.

Grantee	SAF	Co-Invest	Jobs (3 Yrs)		
			Total	Women	Youth
AdaptivIT	30,843	93,983	43	12	43
AUK – FIT	17,250	95,967	55	55	55
Cactus	17,250	12,017	13	5	15
IQ-to-Link	35,098	233,105	400	200	100
MikroBiz	10,810	3,680	10	3	10
Open Data	6,635	21,229	5	5	5
STIKK	40,422	103,120	70	30	70
Total	\$ 158,308	\$ 563,101	596	310	298

To date, EMPOWER has provided \$158K in grants for skills training in ICT, to programs that are expected to create 596 jobs over the next 3 years, over half of which will be for women.

2.4 Cross-Cutting Issues

EMPOWER seeks to help address the imbalance of women’s participation in the Kosovo economy by integrating gender considerations in all program activities in line with USAID’s Gender Equality and Female Empowerment Policy. Project activities also target youth, and minority populations, including rural women, ethnic minorities, and people with disabilities. Inclusion of North Kosovo in all EMPOWER job-creating strategies is also a major project priority. Furthermore, in keeping with general USAID economic growth priorities, inclusion and development of microenterprises is an EMPOWER strategic focus. Finally, donor coordination is a guiding principle of EMPOWER’s work.

2.4.1 Priority Populations

Women

EMPOWER-supported interventions in competitiveness and workforce development added 78 new jobs for women during Q7, bringing the cumulative total since Project start to 376. Over 3 years, based on interventions through Q7, 1,045 new jobs for women are now expected, an increase of 145 jobs since the end of the previous quarter. During Q7, 137 women participated in EMPOWER-supported skills training programs.

Overall, ICT, followed by apparel, is the biggest contributor to women employment proportionally and in absolute terms. 30% or 313 of 616 jobs that are expected to be created in ICT over 3 years will be for women. To date, 57% or 213 of 329 actual jobs that have been created in ICT have engaged women.

In March 2016, Rolleo, a confectionary producer that had been operating out of essentially a large garage in Ferizaj, opened a modern new factory facility, with co-funding from EMPOWER and Sida. The opening event was officiated by USAID Assistant Administrator Thomas A. Melia, Deputy US Ambassador Jennifer Bachus, USAID Mission Director James Hope Swedish Embassy Charge d’Affaires Henrik Nilsson, and Ferizaj Mayor Muharrem Svarqa. The event brought together some 120 people, including representatives of the SDC EYE project, EBRD, TEB, Rolleo business partners, and media. Since becoming an EMPOWER beneficiary, in October 2015, Rolleo has grown from 15 to 21 employees, and it is expected to create 40 new jobs in 3 years, mainly women.

In Q7, EMPOWER organized a two-day training “Making Markets Work for Women” for the 18 members of the EMPOWER-catalyzed Women in Economic Growth Coordination Group. The training focused on gender perspective in value chain analysis and development, and provided tools for business strategies and market interventions with the aim of promoting women’s economic empowerment.

RTV21’s *Start Up* show broadcast three episodes focusing on EMPOWER beneficiaries with women owners or co-owners: OSA Termosistem (February 1), Rolleo (February 15), and S/Sprint (February 29).

EMPOWER marked International Women’s Day (March 8) by joining the worldwide campaign #PledgeForParity. EMPOWER was contributed to a public discussion on the role of women in economic development, and a TV show on the potential of the apparel sector

to create employment for women. The Project also published an article in the monthly magazine *FLATRA* featuring four project beneficiaries owned or managed by women.

Youth

EMPOWER-supported interventions added 171 new jobs for youth during Q7, bringing the cumulative total since Project start to 535. Over 3 years, based on interventions through Q7, 1,193 new jobs for youth are now expected – about half of all new jobs expected. 143 youth were active in EMPOWER-supported workforce development programs in Q7. To date, IQ-to-Link has created the largest number of jobs for youth (180). This quarter, Binni and the in-company training/internship with AWPK created the highest number of jobs for you, 25 and 19 respectively. Over 3 years, Wood Sector is expected to create the highest number of jobs for youth. Our interventions at Elnor, Sela Impex, and Palma are expected to create 100% jobs for youth.

Minorities

Minorities in Kosovo include ethnic minorities, rural communities, victimized groups, and persons with disabilities. As a result of EMPOWER interventions to date, 55 individuals from these groups were employed, and 131 are expected to be over the coming 3 years. EMPOWER is actively seeking interventions to widen this impact. Our interventions at STAFF and Solid have created the largest number of jobs for marginalized minorities – mostly rural women – having created 42 jobs to date.

Sector	Quarter 7 (actual)				Cumulative (actual)				3 Years (expected)			
	Total	Wmn	Yth	Min	Total	Wmn	Yth	Min	Total	Wmn	Yth	Min
Apparel	16	16	12	9	162	109	88	47	336	227	160	53
Energy	30	7	3	0	53	8	14	2	311	60	67	11
ICT	59	25	65	0	329	213	277	5	616	313	300	0
Metal	2	0	0	0	6	0	1	0	129	9	38	46
Other	9	5	8	0	39	15	15	1	468	262	191	19
Tourism	0	0	0	0	0	0	0	0	24	1	5	0
Wood	93	25	83	0	246	31	140	0	651	173	432	1
Total	209	78	171	9	835	376	535	55	2535	1045	1193	130

2.4.2 Microenterprises

This quarter, EMPOWER approved support to 11 new microenterprises. VGN Net, a cable TV and internet services operator in North Kosovo, will co-finance with EMPOWER equipment that this company needs for the digital upgrade of its technology. The new technology will enable the beneficiary to offer expanded and improved customer services, expand sales and create some 20 new jobs in the first year of investment.

As of the end of Q7, EMPOWER had approved 37 activities that benefitted 82 microenterprises (firms with less than 10 employees), which were included in \$833K of SAF funding. In Q7, 10 additional unique microenterprises were added; however, the number of

microenterprises decreases from Q6 to Q7 because of an adjustment of already reported data.

In addition, EMPOWER tracks supplier beneficiaries – domestic producers that are in the input supply chains of larger companies receiving EMPOWER support. As of the end of Quarter 7, the Project estimates that there are a total of 357 microenterprise producers in Kosovo whose sales have grown as a result of support that EMPOWER is providing to their larger customer firms.

2.4.3 North Kosovo

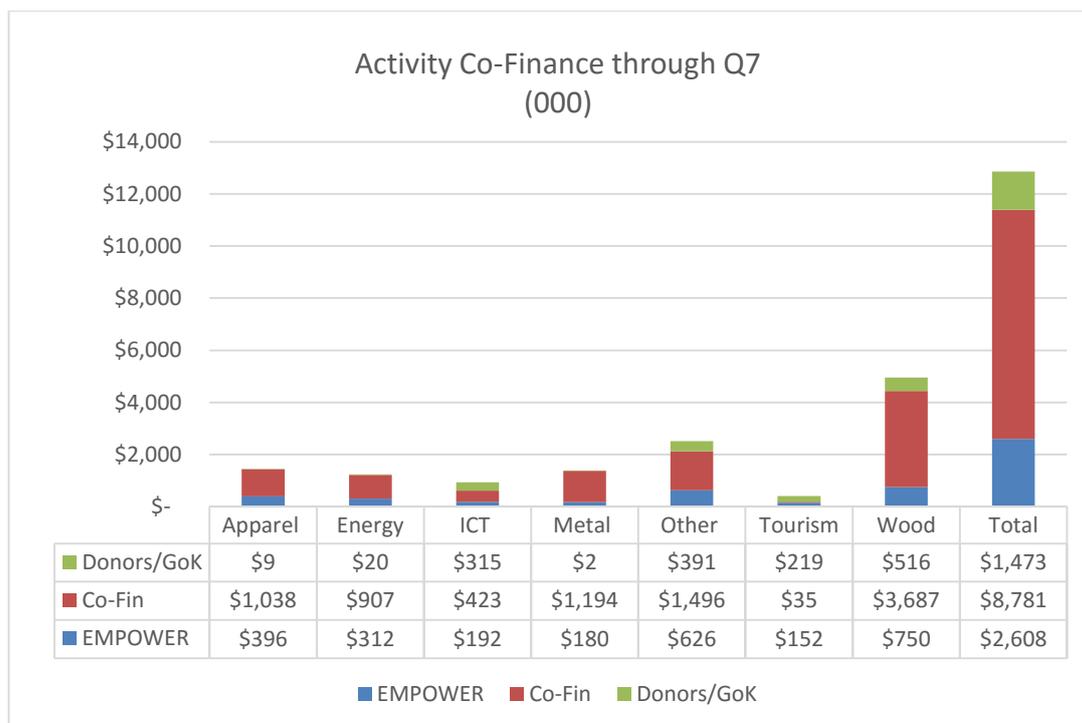
EMPOWER seeks to mainstream North Kosovo beneficiaries in its competitiveness and workforce development support. In North Kosovo, EMPOWER is open to supporting any type of firm (including agricultural) with market potential, regardless of sector. The Project's Senior Advisor for North Kosovo, working from a project office in North Mitrovica and usually accompanied by staff from the head office in Pristina, conducted 19 site visits to 12 NK businesses during Q7.

By the end of Q7, 15 grants had been approved for \$602K in funding, expected to create 403 new jobs over 3 years. In Q7, EMPOWER approved 6 NK interventions for \$262K, leveraging \$960K in co-finance, expected to create 227 jobs over 3 years, and sales of \$12.3MM. Of the beneficiaries, one – Hirano Mushrooms, a startup – is expected to create 101 new jobs and sales of \$7.5MM.

To expand the business of agricultural value chains in North Kosovo and create jobs, EMPOWER is supporting an activity implemented by KCBS for commercialization of the NK vegetables value chain. The pilot program, funded at \$100K, is identifying greenhouse growers who are capable of producing quantities for sale to the market, and connecting them to aggregators or large buyers who will contract to purchase their produce. In Q7, KCBS selected 12 farmers, who will receive grants to co-finance construction of greenhouses, and 4 aggregators, some of which may receive grants for weighing and grading equipment. 20 contracts were signed between farmers and aggregators for delivering of 38,700 pcs of lettuce and 260 tons of vegetables. In turn, the aggregators signed 5 delivery contracts with Kosovo hypermarkets (Bamex, Elkos Group, ETC, and Emona).

2.4.4 Donor and GoK Collaboration

EMPOWER consistently seeks collaboration all donor projects and GoK agencies that are engaged in private sector development in Kosovo, especially in competitiveness and workforce skills, but also in economic development policy and the doing business environment. The figure below provides a snapshot of beneficiary and donor / GoK co-financing to date, which have enabled the Project to leverage its available grant funds by 4.9x through Q7, significantly exceeding the 3.0x PMI target. Leveraging of EMPOWER funds is essential for the Project to achieve its job creation objectives, given the level of its grant funding.



Annex 4, Table 1 lists meetings that took place between the Project and other donors and GoK agencies during in Q7. At least 40 separate donor projects and government agencies and municipalities were visited in more than 50 meetings – an average of more than 3 per week.

EMPOWER also organized a number of cluster meetings bringing together groups of companies within its focus sectors, to consider market opportunities and challenges, and to share information. Annex 4, Table 2 shows 19 meetings that the project facilitated in Q7. These meetings have helped create cluster identity, promote business-to-business networking within Kosovo, and develop shared competitiveness strategies.

2.4.5 Environmental Compliance

The Initial Environmental Examination Document DCN: 2015-KOS-036 applicable to EMPOWER Private Sector sets out the environmental reviewing, monitoring and reporting tasks for each activity subject to an environmental compliance procedure. Section 4.8.2 of the IEE provides that Implementing Partners (IPs) shall report on environmental compliance requirements as part of their routine project reporting to USAID.

EMPOWER conducts environmental compliance reviews, as required, for all grant-funded interventions. In Q7, EMPOWER's outside Environmental Specialist was engaged for 10 different funded activities, which were categorized as "negative determination with conditions", for which Environmental Review Checklists (ERCs) and Environmental Mitigation and Monitoring Plans (EMMPs) were prepared. All were submitted to USAID and after comments in many cases, resubmitted and approved by USAID's Bureau Environmental Office (BEO).

During Q7, 7 activities were classified as "categorical exclusion", having no environmental impact, requiring neither EMMP nor ERC.

Environmental Monitoring: EMPOWER undertook monitoring visits to inspect the implementation of environmental measures, as indicated at the ECP-EMMP for each company/organization. Monitoring is based on environmental impacts, mitigation measures and monitoring indicators, as set out at the EMMPs for each activity. The monitoring visits included:

- Visual observation and photographs related to: physical impacts, air emissions, water use, waste management, use of personal protective equipment (PPE), fire safety measures, ventilation, wastewater collection and discharge, hazardous materials storage.
- Interviews with the owners or managers of companies, related to the progress made on completing: environmental permits, plans for implementing the mitigation measures.

EMPOWER prepares and files an Environmental Monitoring Report for each monitoring visit. A summary of the monitoring visits and their finding in Q7 is contained in Annex 4, Table 3.

3. RESULTS VS. PERFORMANCE MANAGEMENT INDICATORS

EMPOWER Private Sector made significant further advances toward its quantitative and qualitative objectives during Q7. Nevertheless, because the launch of EMPOWER’s SAF occurred later than originally anticipated, the top-line indicators – sales, exports, and jobs – currently lag well behind their cumulative original targets for Year 2. However, looking at expected 3-year results, the Project is still on track to meet its ambitious life-of-activity objectives for these indicators.

3.1.1 Results vs. PMIs Detail

Table 17 below lists all of EMPOWER’s Project Management Indicators from its original approved Performance-Based Management System (PBMS). The following are its highlights:

1. Enterprise beneficiaries: The PMI cumulative target for the number of beneficiaries through Y2 is 260. The PBMS defines these as “companies that the Project has directly assisted in any way”. In terms of companies that received material assistance directly from EMPOWER, the number of these “Primary Beneficiaries” (PBs) was **134** through Q7, of which **19** were new unique beneficiaries in Q7. However, counting companies that domestically produce and supply production inputs to companies that receive production expansion grants from EMPOWER – “Supplier Beneficiaries” (SBs) – adds an estimated 387 companies, bringing the total number of enterprise beneficiaries (PBs + SBs) to **521, 137** of which were new in Q7.
 - Of which Microenterprises: The cumulative target for microenterprise beneficiaries (companies with less than 10 employees) is 180. To date, **82** of the **134** PBs were microenterprises, and 275 of the SBs, for a total of **357** microenterprise beneficiaries. EMPOWER committed support to **10** unique microenterprises in Q7. (Note: Due to data adjustments, the number of microenterprises has decreased from Q6 to Q7.)
2. Aggregate sales of beneficiaries: Cumulative Y2 sales was projected at \$63.5MM. **\$6.5MM** has been realized to date, of which **\$2.5MM** in Q7, but total additional sales projected over three years as result of EMPOWER Y1 and Q2 Y2 interventions is

\$122.4MM, which if achieved will represent about 75% of the total sales increase target for the entire 5-year project.

3. Aggregate exports of beneficiaries: Similarly, this was projected at \$17.2MM, with **\$2.9MM** realized to date, of which **\$0.4MM** in Q7, but **\$70MM** is expected over three years attributable to interventions to date.
4. Business size growth: The PBMS defines this indicator as “enterprise beneficiaries that have grown from less than to more than 50 employees”, and on that basis the cumulative target through Y2 is **10. 7** have achieved this transition to date, of which **2** in Q7. The Project believes it appropriate to broaden this indicator to add companies that grow from “micro” (less than 10 employees) to “small”, also representing an important transition. Counting these, the number of companies that grew from smaller to larger categories is **11, 5** of which this quarter.
5. New markets: This indicator counts firm-level entry into both new *product* markets and *geographic* (country) markets as a result of EMPOWER assistance. The cumulative target through Y2 is **40**. Already, **64** new market entries (products plus countries) are actually achieved – **42** in Y1 and **22** in Y2. New geographic markets for a number of companies included regional neighbors (Albania, Montenegro, Macedonia, Serbia) and Western Europe, mainly countries with large Kosovar diaspora populations (Switzerland, Germany, Sweden, France, Italy). New products were highly varied, from children’s shoes to air filter types.
6. Total new jobs: EMPOWER’s most important indicator. Jobs are considered attributable to when they are generated by EMPOWER support for production facilities and consequent sales expansion, for trade show attendance producing sales contracts, or for skills training / internships leading to employment. The target for cumulative attributable new jobs in Y2 was **2,800**, with an actual total so far of **835** (**209** created in Q7). **2,535** new jobs are expected over the next 3 years as a result of to date interventions.

Job creation in the PBMS is stipulated as new employment at enterprise beneficiaries as defined in PMI #1 – Primary Beneficiaries. If Supplier Beneficiaries are included, as EMPOWER considers appropriate, then job creation in Q6 would correspondingly rise by an expected 210 additional new jobs, raising the total expected 3-year impact of EMPOWER interventions to date to **2,745** new jobs.

7. Jobs for women: The cumulative Y2 target is **1,400**, with **376** actually created so far (**78** in Q7). **1,045** new jobs for women are expected over the next 3 years as a result of interventions to date. The majority of jobs for women were in the ICT sector, followed by other and apparel.
8. Jobs for youth: Cumulative Y2 target **560**; **535** achieved, of which **171** in Q7 (**1,193** for 3 years).
9. Jobs for minorities: The cumulative Y2 target is **140**, and **55** were created, of which **9** in Q7 (**130** for 3 years).
10. Jobs in North Kosovo: EMPOWER’s interventions in business competitiveness and training in this priority region created **37** new jobs (**1** in Q7), versus a cumulative Y2

target of **840**. Activities to date are expected to create a total of **360** new jobs over the next 3 years.

11. Aggregate business finance: This indicator is defined as the growth in total balance sheet loans of enterprise beneficiaries. This information can be collected by survey only after the end of the calendar year. However, our beneficiaries have confirmed that EMPOWER interventions have leveraged **\$3.3MM** in bank finance from date of grant signing to March 2016, and it is expected that to date activities will leverage a total of **\$3.7MM** over 3 years. The cumulative Y2 target is **\$20.4MM**.
12. Capacity-building: This indicator was defined as the score on an organizational capacity assessment tool for the expected EMPOWER “local solutions” partner. Since that partner was not engaged, the PMI is not applicable.
13. Investment leverage: The indicator is defined as the total cash cost of EMPOWER-supported activity divided by EMPOWER cash investment from the Strategic Activities Fund, aggregated across all funded activities. The cumulative Y2 target was **3.0x**, and **4.9x** was achieved through Q7.

EMPOWER also tracks but does not target certain other indicators, as follows:

14. Quality certifications: Obtained by **3** firms to date, **1** of which in Q7.
15. Improved management practices: **55** firms to date.
16. New technologies: **63** to date beneficiary firms are expected to acquire new technologies, **17** of which EMPOWER committed in Q7.
17. Person-hours of workforce skills training: **128K** hours to date, **27K** of which in Q7.
18. Skills certifications: **300** individuals, **117** of whom in Q7.

3.1.2 Reports Completed During the Reporting Period

- Weekly Updates
- Kosovo Apparel Subsector Report – Uniforms and Sportswear - Ahmet Halilagic
- TDY Report: 7-11 Mar 2016 – Luksa Soljan
- Motor Oil Recycling Assessment (pre-final draft)

3.1.3 Activities Planned for the Next Reporting Period

Many of the actions planned for Project Quarter 8 and Year 2 were indicated in the body of this report above. Substantially greater detail is provided in EMPOWER’s **Year 2 Workplan**, which is provided in Annex 1, with accomplishments to date versus all task / actions line items.

This concludes the main body of EMPOWER’s Quarter 7 Report. Further detail is provided in the annexes listed in the Table of Contents at the beginning of this Report.

3.1.4 PMIs Summary Table

Table 16: PMIs Summary with Q7 Actuals

A. Targeted Indicators

Component/ AO	PMI #	Source / AIR ¹	Performance Indicator	Unit	Target (Cumulative)							Reporting Frequency	Data Source	
					2015		2016		2017	2018	2019			Total Increase
					Target	Actual	Target	Actual						
Beneficiaries	1	Custom	Number of enterprise beneficiaries of which MEs	#	150	91	260	134 / 521	350	400	400	400	Quarterly	Activities
					100	64	180	82 / 357	250	300	300	300		
1. Competitiveness	2	F / all	Aggregate sales of beneficiaries	\$000	6,785	1,093	63,480	6,481	113,275	142,715	166,980	166,980	Annual	Surveys
	3	F / all	Aggregate exports of beneficiaries	\$000	3,186	758	17,204	2,908	32,189	43,436	55,580	55,580	Annual	Activities, Surveys
	4	Custom / all	Business size – number of beneficiary firms growing to more than 50 employees	#	5	4	10	7	15	20	25	25	Annual	Surveys
	5	CDCS / all	Number of new markets entered by beneficiaries	#	20	42	40	64	60	80	100	100	Quarterly, Annual	Activities, Surveys
2. Job-Creation	6	F / 2.1, 2.2	Total new jobs	#	250	465	2,800	835	4,950	6,270	7,070	7,070	Quarterly, Annual	Activities, Surveys
	7		Jobs for Women		125	255	1,400	376	2,475	3,135	3,535	3,535		
	8	F,	Jobs for Youth	#	50	289	560	535	990	1,254	1,414	1,414	Quarterly,	Activities,
	9	Custom / 2.2 ²	Jobs for Minorities		13	9	140	55	248	314	354	354	Annual	Surveys
	10		Jobs in North Kosovo		75	21	840	37	1,485	1,881	2,121	2,121		
	11	F / 2.3	Aggregate business finance of beneficiaries (loans and investments)	\$000	3,525	2,262	20,375	3,292	37,848	50,568	63,923	63,923	Quarterly, Annual	Activities, Surveys

Component/ AO	PMI #	Source / AIR ¹	Performance Indicator	Unit	Target (Cumulative)							Reporting Frequency	Data Source	
					2015		2016		2017	2018	2019			Total Increase
					Target	Actual	Target	Actual						
3. Capacity- Building	12	Custom / all	Capacity to manage USAID awards – Parallel Local Partner	Index 100	--	--	60	--	70	80	90	40	Annual	Evaluation
Leverage	13	Custom	Investment leverage	ratio	3.0x ⁴	5.46	3.0x	4.93	3.0x	3.0x	3.0x	3.0x	Quarterly, Annual	Activities

¹ AIR = Activity Intermediate Result (see PBMS causal model) ² Jobs in subcategories are not additive - they overlap ³ Primary Beneficiaries only ⁴ Total activity funding from all sources divided by EMPOWER SAF investment (cash). Note: Monetary targets were originally set in € and converted to \$ at 1.15

B. Additional Tracked / Non-targeted Indicators

Component / AO	#	Source / AIR	Performance Indicator	Unit	Cumulative		Reporting Frequency	Data Source
					2015	2016		
1. Competi- tiveness	14	F / 1.1	Number of beneficiary firms with new product quality certifications	#	1	3	Quarterly, Annual	Activities
	15	F / 1.2, 1.3	Number of beneficiary firms that have improved management practices	#	35	55	Quarterly, Annual	Activities
	16	F / 1.1, 1.2	Number of beneficiary firms that have adopted new technologies	#	26	63	Quarterly, Annual	Activities
2. Job- Creation	17	F / 2.1	Person-hours of workforce and management skills training	#	115,000	128,000	Quarterly, Annual	Activities
	18	F / 2.1	Number of workers with certified job skills / qualifications	#	35	300	Quarterly, Annual	Activities