**INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II)**

**2014-2020**

**KOSOVO**
EU4 small business recovery following the COVID-19 crisis

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**Action summary**

The action will support small business recovery in the COVID-19 crisis. It covers support to start-ups and micro businesses with limited access to commercial loans to support new business ideas and the scaling up or recovery of existing small businesses amidst the COVID-19 crisis and its aftermath. The action also provides support services for the digitalisation of micro and small businesses to increase their resilience and capacity to face critical market conditions in the current and future crises.

Supported activities will lead to an increase in competitiveness of the private sector and increased employment (new and retained), especially among women.

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* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.
## Action Identification

<table>
<thead>
<tr>
<th>Action Programme Title</th>
<th>Annual Action Programme for Kosovo for the year 2020</th>
</tr>
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<tbody>
<tr>
<td><strong>Action Title</strong></td>
<td>EU4 small business recovery following the coronavirus crisis</td>
</tr>
<tr>
<td><strong>Action ID</strong></td>
<td>IPA 2020 / 042 090 / 06 / Kosovo / EU4 small business recovery</td>
</tr>
</tbody>
</table>

### Sector Information

<table>
<thead>
<tr>
<th>IPA II Sector</th>
<th>6. Competitiveness and innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC Sector</td>
<td>43010</td>
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### Budget

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<tr>
<td>EU contribution</td>
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<tr>
<td>Budget line(s)</td>
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</table>

### Management and Implementation

- **Method of implementation**: Direct and indirect management
  - **Direct management**: European Union Office in Kosovo
  - **Indirect management**: The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

- **Implementation responsibilities**: European Union Office in Kosovo

### Location

- **Zone benefiting from the action**: Kosovo
- **Specific implementation area(s)**: Kosovo

### Timeline

- **Final date for concluding Financing Agreement(s) with IPA II beneficiary**: At the latest by 31 December 2021
- **Final date for concluding contribution/delegation agreements, procurement and grant contracts**: 3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
- **Indicative operational implementation period**: 6 years following the conclusion of the Financing Agreement
- **Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)**: 12 years following the conclusion of the Financing Agreement

### Policy objectives / Markers (DAC form)

<table>
<thead>
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<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Main objective</th>
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<td>------------------------------------------------------------</td>
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<tr>
<td>Participation development/good governance</td>
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<td>Trade Development</td>
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<td>Reproductive, Maternal, New born and child health</td>
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<td>RIO Convention markers</td>
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<td>Coronavirus response</td>
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</table>
1. RATIONALE

The Action will support small business recovery following the COVID-19 crisis. It covers support to start-ups and micro businesses with limited access to commercial loans to support new business ideas and the scaling up or recovery of existing small businesses following the COVID-19 crisis and its aftermath. The action also provides support services for the digitalisation of micro and small businesses to increase their resilience and capacity to face critical market conditions in the current and future crises.

Supported activities will lead to an increase in competitiveness of the private sector and increased employment (new and retained), especially among women.

PROBLEM AND STAKEHOLDER ANALYSIS

The development of a sound business environment, which can stimulate growth and employment generation has been – and remains- one of the key priorities for the Western Balkans and is in line with their European perspective. Micro, small and medium enterprises are the backbone of the economies of the candidate countries and potential candidates and their increased competitiveness is one of the main priorities for governments.

Within the framework of the European Union (EU) Enlargement Policy, the European Commission supports the development of micro, small and medium-sized enterprises in the Western Balkans. Access to affordable sources of finance is a key priority of the EU support as it would allow micro, small and medium-sized enterprises the possibility to grow and compete at all levels including regional, European and international markets.

Despite a well-established financial sector in Kosovo, which is dominated by the banking sector, micro, small and medium-sized enterprises access to bank loans is limited by the high interest rates, high collateral requirements, but also limited willingness by banks to finance new projects by micro and small sized enterprises and start-ups. According to the World Bank/ European Bank for Reconstruction and Development (EBRD) Business Environment and Enterprise Survey, access to finance is one of the main obstacles for the surveyed enterprises in Kosovo. The EU’s annual Kosovo report reiterates that access to finance is a major obstacle for business development and market entry of businesses. Women face additional challenges, stemming from traditional norms and rare property ownership. Only approximately 15% of women entrepreneurs have used commercial bank loans and women own only 25.2% of enterprises in Kosovo.

In an already challenging environment, the COVID-19 pandemic has made the situation critical. The European Commission’s Directorate-General for Economic and Financial Affairs (DG ECFIN)’s tentative assessment of the economic impact of the pandemic in the Western Balkans and Turkey (26 March 2020) paints a gloomy picture: the economic consequences of the COVID-19 pandemic are expected to be severe in the Western Balkans. Before the crisis, the Western Balkans were enjoying several years of relatively robust growth. However, as their economies are closely linked to the EU economy, the sharp downturn in the EU will have knock-on effects, likely leading to recessions. The main transmission channels, which finance a substantial part of private consumption, mitigate very large merchandise trade deficit via exports of services (mainly tourism) and support foreign direct investment (FDI) inflows (mainly to construction and real estate) may be dampening demand for their exports and possibly reducing remittances. In addition, the spread of the COVID-19 has prompted the government to implement containment measures, including border closures, social distancing and lockdowns with far-reaching economic consequences. These measures will further suppress trade and domestic demand.

Key domestic vulnerabilities relate to the fragility of the private sector due to the dominance of micro enterprises and limited liquidity. The closure of shops, restaurants and hotels will first affect employment and income in these sectors, which account for 18% of Gross Value Added and 23% of total employment. In reality, the number of people working in the sectors of accommodation, food service, wholesale and retail trade, might be higher due to widespread informal employment. The lockdown has already resulted in a drastic fall of their salaries from mid-March 2020 onwards. These shortfalls are only partially compensated by transfers from the government. Income effects, together with falling expectations and investor confidence, are likely to spread

2 Ibid
Digitalisation is the process of converting information of any form into a digital format that can be understood by computer systems or electronic devices. This in turn could lead to bankruptcies of micro, small and medium enterprises and destruction of value chains across the economy. Firms will be affected differently depending on the sector, size and position in the production network, as different firms face a varying degree of supply and demand shocks and have uneven capacity to cushion them.

According to DG ECFIN, without additional measures, social policies are unlikely to mitigate the income fall. The measures announced so far include partial subsidies for micro, small and medium enterprises related to the lease of premises (EUR 12 000 000.00 in total) and a programme of loans for micro-enterprises and self-employed up to EUR 10 000.00 per business amounting to EUR 15 000 000.00. Business associations requested the government to extend the deadlines for payments of tax and credit liabilities and design a programme for private sector support.

Women will be particularly affected by this crisis, which may exacerbate already widespread social, physical and economic inequalities and insecurities. For example, women had staggeringly high unemployment (34.4%) and inactivity rates (78.9%) compared to men (22.6% and 40.3%, respectively) even before the crisis. Additionally, 60.3% of young women were unemployed, compared to 44.1% of young men. Unequal care responsibilities contribute to women’s labour market inactivity, primarily childcare. The burden of unpaid care is higher during the COVID-19 crisis, due to schools and workplaces being closed. Gender segregation in employment exists with men being mostly engaged in trade, construction, and manufacturing (43.8%), and women in education, health, and trade (53.5%).

In Kosovo, considering that micro, small and medium sized enterprises compose over 98% of firms and account for 65% of employment, they are prone to a direct hit by the COVID-19 crisis. Start-ups, micro and small sized businesses are often linked to businesses in EU countries through outsourcing. The effect of the crisis and lower economic activity will have a trickle-down effect on smaller businesses as well, as they are often servicing bigger enterprises.

However, the start-ups, micro, small and medium enterprises are in general more adaptable to the external influences and will have a positive impact on the revival of the economy. With appropriate support, these businesses will be able to better adapt to the changing situation and thus be a catalyst for economy-wide recovery and new job creation.

The crisis will also bring new business ideas that can become successful once the situation normalises. This is why support for start-ups, micro and small businesses is a crucial element of the socio-economic recovery.

In recent times, social networks and internet platforms have also become essential parts of the digital economy. In addition to this, a digitalisation of the economy holds great potential to make it more resilient to the current and future crises and thus to drive Kosovo’s economic development. The digital economy does not require extensive physical input or mobility of the workforce. It also represents a promising field for generating jobs, increasing export, and income for Kosovars.

In order to digitalise the economy, Kosovo needs to build capacity in digital trust and security in parallel to efforts to enhance digitalisation of industries.

Digitalisation can bring great benefits to a society and an economy. According to “The Digital Economy in Southeast Europe” (Friedrich Ebert Stiftung), the digital economy grows seven times faster than any other branch of economy and produces almost five new jobs for every two people that are lost in the “offline” economy. The main building blocks of a successful digital economy are:

- supporting infrastructure (networks, telecom, hardware and software);
- IT skills in the general population and among businesses in particular;
- e-commerce and

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3 Ibid.
4 Kosovo Women’s Network, Kosovo Gender Analysis.
7 Digitalisation is the process of converting information of any form into a digital format that can be understood by computer systems or electronic devices.
- modernised ways of conducting business, which include new skills and processes.

Businesses in Kosovo still do not realise the full potential of Information and Communication Technologies (ICT) for enhancing competitiveness. They are not fully informed on the advantages the internet gives to their everyday business and the potential reduction of costs.

Companies digitalising themselves will be more competitive and more resilient to changes, including crises. They are able to produce/sell/export more and subsequently employ more people. Digitalising a business can give it a competitive advantage by doing things better, faster, and cheaper than the competition. In addition, with the provision of digitalisation services, new business ideas and new businesses will emerge. It can help reinvent processes, improve quality and promote consistency, which will be valuable in the current and future crises.

Any support to the digitalisation of businesses must take into account the underrepresentation of women and girls in the Information and Communication Technology sector (22% of all employees). Evidence suggests that women continue to face prejudice in the sector. The support should thus be gender responsive and specifically target women and girls.

**OUTLINE OF IPA II ASSISTANCE**

The effects of the COVID-19 crisis will need to be tackled in different stages. In the short term, survival is priority number one for businesses.

Support to start-ups, micro and small businesses needs to be structured, should improve their access to finance and provide business development services. The natural players in the provision of these kinds of services are business incubators. They provide infrastructure to start-ups and other businesses, support services for development and, facilitate their access to finance. Besides the need for better access to funding, additional suitable support services will be needed. Digitalisation is one of these business support services that has an important impact on changing the modalities of work. For start-up brands to thrive in the medium- to long term, it is crucial to review digital transformation plans immediately and increase digital infrastructure to achieve the position of best online consumer options in the market.

The provision of better access to funds and support services will alleviate immediate financial concerns of micro and small businesses, including women-owned, while digitalisation processes will have positive long-term effects.

By digitalising micro and small businesses in Kosovo or specifically targeting improvements in productivity and efficiency levels with the help of Information and Communication Technology, they can significantly improve their results and increase the volume of higher value products to become competitive in international markets. Micro and small businesses need to become more agile. Also in the time of crisis and its aftermath, Kosovo will need to focus on the long-term development of the business sector, which requires access to market opportunities, as well as to new technology and best practice management.

The proposed assistance will therefore enhance the start-up finance, advisory services and incubation centres for start-ups to scale up their businesses and provide possibilities for their digitalisation. The action will also target the unemployed, in particular women and people who have lost their jobs during the crisis and provide them with opportunities to increase capacities and learn entrepreneurial skills that encourage the creation of new businesses and jobs.

The implementation of activities foreseen in this action will increase the number of growth-oriented start-ups and provide them with support to increase their efficiency and productivity through ICT usage. This in turn will lead to an increase of their competitiveness and hiring capacity. Ultimately, the action will alleviate the impact of the COVID-19 crisis on the private sector.

In order to ensure a resilient and green recovery, the following sector of SME activities – as defined in the EU EIC Accelerator (previously known as EU SME Instrument) - could be favoured, in line with the European Green Deal. In addition, in order to apply the “build back better” and “do not harm principle”, the following sector of SMEs activities could be excluded from IPA support:

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10 Kosovo Women’s Network, Kosovo Gender Analysis, 2018
11 Ibid.
RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

The proposed interventions are in line with the objectives and results foreseen in the IPA Indicative Strategy Paper (ISP) 2014-2020 for Kosovo. The Indicative Strategy Paper highlights the need to support micro-enterprises and start-ups with a special focus on innovative business models, export-oriented services and female entrepreneurs. In particular, it supports and encourages the use of other financing opportunities and will support both new and traditional businesses to compete and innovate through the use of ICT and increase trainings and digital-skill development.

The action will support three of the flagship initiatives of the Western Balkans Strategy. Flagship initiative 3 "Supporting socio-economic development" foresees increased funding to start-ups in particular. Flagship initiative 4 "Increasing connectivity" highlights the importance of infrastructure in field of digital services. "The Digital Agenda for the Western Balkans” (flagship initiative 5) includes development of digital society, digital skills, digitalisation of industry and capacity-building in trust and security. It also responds to the recommendations of the ‘Small Business Act Assessment’ for Kosovo, especially related to “Promoting entrepreneurship” and “Access to markets and internationalisation”.

This action will contribute to the implementation of EU Gender Action Plan (GAP) II and potentially GAP III, particularly Objective 13, “Equal access for girls and women to all levels of quality education and vocational education and training (VET), free from discrimination”; Objective 14, “Access to decent work for women of all ages”; and Objective 15, “Equal access by women to financial services, productive resources including land, trade and entrepreneurship”.

The Action is also in line with Kosovo’s Economic Reform Programme 2020-2022 (ERP) and will contribute to four of the reform measures:

- Reform Measure #4 “Increase of competitiveness in the manufacturing industry”
- Reform Measure #12 “Improving the Environment for Innovation and Entrepreneurship”
- Reform Measure #13 “Extension of relevant ICT networks and services infrastructure for socio-economic development”
- Reform Measure #19 “Improving and expanding public employment services and increasing the employability of long-term unemployed, young people, women and other vulnerable groups”

The Kosovo National Information Technology (IT) Strategy is the main Information and Communication Technology sector document. The purpose of it is to elaborate a specific strategy for promoting the development of the Kosovo Information Technology industry in order to promote digital transformation and support Kosovo in becoming a knowledge-based economy. The Information Technology strategy sets the sector’s overall goal, to become the main driver for economic growth, enhancing employment and innovation by 2020 through increasing the international competitiveness of the Kosovo Information Technology industry based on digital excellence. The strategy includes plans to develop a Digital Excellence Centre, located in the Innovation and Training Park in Prizren (the site of a former camp for the North Atlantic Treaty Organisation (NATO) peacekeeping force “Kosovo Force” (KFOR) - based on the agreement between Kosovo and the German Government). The government has already identified the building and prepared plans for its refurbishment to improve energy efficiency. The former Ministry of Economic Development has planned the funds for refurbishment in the 2020 budget. In addition, the ministry has planned funds for staff of the centre for the next three years in the Medium-Term Expenditure Framework. The activities under the activity will complement the government's intervention as the equipment will be installed in the same centre, however other digitalisation activities would be implemented around Kosovo. The Digital Excellence Centre will include a facility for energy efficiency, a facility for 3D printing, a Data Centre for National Research and Education Network and facilities for trainings and workshops.

The European Digital Single Market strategy demonstrates the importance of the digital economy for Europe, making it one of the ten top political priorities of the European Commission. The European Digital Single Market strategy includes a pillar on better access for consumers and businesses to online goods and
services across Europe, to address key differences between the online and offline worlds and to break down barriers to cross-border online activity.

The EU’s Digitising European Industry (DEI) initiative is particularly relevant for this Action. The European Commission launched the initiative in April 2016. As part of the Digital Single Market strategy, the DEI initiative aims to reinforce the EU’s competitiveness in digital technologies and ensure that every business in Europe - whichever the sector, wherever the location, whatever the size - can draw the full benefits from digital innovation. All of the five pillars under the initiative can bring benefits to this Action, but in particular pillar two on Digital Innovation Hubs is relevant. Digital Innovation Hubs are one-stop-shops where companies –especially small to medium-sized enterprises, start-ups and mid-caps – can get help to improve their business, production processes, products and services by means of digital technology. One of the key DEI priorities is to support a strong network of Digital Innovation Hubs to ensure that every company in Europe can take advantage of digital opportunities. The Innovation and training park in Prizren, once fully developed, could work also as a Digital Innovation Hub.

The Western Balkans Digital Summit in Skopje (2018) and Belgrade (2019) as well as the Sofia Summit held on 17 May 2018 highlight the importance of “a market- and investment-friendly environment” in the Western Balkans to move faster towards a digital economy. The summits welcome the European Commission’s Communication "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans" and the Digital Agenda Flagship initiative as one of the six flagship initiatives of this strategy.

Access to finance, supporting internationalisation and access to markets, creating an environment favourable to competitiveness and encouraging an entrepreneurial culture are also key components of the EU’s Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) programme, of which Kosovo is a member since 2017.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The European Commission is active in the field of support to businesses and digitalisation in Kosovo. In particular, under IPAII, assistance was provided through:

- Under IPA 2016, assistance was provided to micro, small and medium-sized enterprises for improvements in their competitiveness through:
  - A credit and advisory facility (under implementation by EBRD) in total amount of EUR 29 million (EU contribution EUR 5 million),
  - A grant facility targeting MSMEs in 6 priority sectors (wood processing including furniture, ICT, textiles and leather processing, metal works and metal processing, services, tourism). 31 projects were supported in total amount of EUR 4.4 million (A Call for Proposals for an additional EUR 0.6 million is currently under evaluation)
  - With the investments, the companies strengthened competitiveness by undertaking investments in industrial premises, equipment, software, improvement of the enterprise management systems and general upgrading and improved the quality as they met a vast number of EU Directives, ranging from food safety, health & safety at work through to environmental and pollution mitigation regulations;
  - Under IPA 2016, six projects in the total value of EUR 1.8 million were supported through the Grant Scheme “Support to Vocational Training, On-the-job Training, Self-employment and Entrepreneurship”. All six project are still ongoing, however, until the end of 2019: 1,019 people were trained for skills demanded on the labour market, or skills required to start their own business; 86 start-ups have been supported (through financial support, incubation space, expert advices and trainings); 72 persons received internship resulting in 15 of them was employed with the same employer. A Call for Proposals for an additional EUR 3.5 million to support increase of employment and social enterprises is currently under evaluation.
  - IPA 2017 (the implementation of the action started in January) supported the project EU support for the Competitiveness of Kosovo’s ICT sector, which as a general objective to support growth of Kosovo’s ICT sector through the enhancement of competitiveness of Kosovo’s digital and traditional businesses, leads to growth and job creation.
- Under IPA 2018 (the implementation of the action to start 3Q of 2020), the programme “EU Support to Start-ups and incubators” is planned in the amount of EUR 3 million. The action focuses mainly on infrastructural capacities of incubators, and will address access to finance and advisory services dedicated to start-ups to a lesser extent.

The Technical Assistance and Information Exchange instrument (TAIEX) assistance was used in the form of an expert mission (during September 2018) to support the preparation of the draft law on electronic identification and trusted services in electronic transactions.

Some other relevant programmes implemented by other donors:

**Promoting women entrepreneurs: the Women in Business Programme in Kosovo** could serve as a successful lesson for designing specific programmes for start-ups. This programme is funded by the EBRD, Luxembourg, Sweden and the EBRD Shareholder Special Fund. It has dedicated credit lines of EUR 8 million, which has first and second loss risk cover and technical assistance to partner banks.

**Women in Online Work** is another successful project that was led by the Ministry of Economic Development, and due to its success in the first two phases. The Ministry managed to gather the support by the World Bank, the Swiss Embassy, the United States Agency for International Development (USAID) and the Swiss Cooperation by extending the project in another two phases in different municipalities in Kosovo. The aim of the project is to carry out training programme for information technology related jobs, investing in and scoping technical assistance to mobilise and skill a significant number of women to work online using internet labour marketplaces. The project targeted the generation of income for the beneficiaries through online work, while testing how the global economy could assist in creating inclusive and better employment opportunities for unemployed and underemployed women.

**Kosovo Digital Economy** – This World Bank project aims to provide high-speed broadband infrastructure and support access to labour markets, new sources of knowledge, and public services to households and institutions in selected underserved rural areas. Moreover, the project will train and connect youth to online employment opportunities; and improve access to knowledge sources, including better reach and collaboration opportunities to high educational institutions.

**Creating Employment through Export Promotion (GIZ)** – the project aims to enable micro, small and medium-sized enterprises in employment-relevant sectors to tap into international markets. The project will focus on three sectors: ICT, manufacturing and agriculture/agro-processing. Specific activities include those seen as crucial to increase companies’ capacity to export such as provision of business-related information relevant for European markets as well as the provision of specific business development services at selected points in the value chain.

The former Ministry of Innovation and Entrepreneurship, together with the German Federal Ministry for Economic Cooperation and Development, has developed the **Innovation Fund**, through which financial and non-financial support schemes were offered to Kosovo businesses. The objective of the “Innovation Fund” grant scheme is to attract the most innovative ideas with potentials for export and employment creation for micro, small and medium-sized enterprises. The fund, which is managed by the Innovation Centre Kosovo, awarded 13 projects in the first two rounds (in 2018 and 2019), whereas decision on the winners of the third round was suspended due to COVID-19 health emergency.
## 2. Intervention Logic

### Logical Framework Matrix

<table>
<thead>
<tr>
<th>Overall Objective(s) / Impact(s)</th>
<th>Indicator’s Name</th>
<th>Objectively Verifiable Indicators</th>
<th>Sources &amp; Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>To increase resilience, competitiveness and sustainability of start-ups, micro and small businesses leading to an increase in competitiveness of the private sector and increased employment</td>
<td>Small Business Act for Europe (SBA) scores in two dimensions: “Promoting entrepreneurship” and “Access to markets and internationalisation”</td>
<td><strong>Baselines</strong> (Incl. Value &amp; Reference Year)</td>
<td>Small and Medium Enterprises policy index for Southeast Europe (OECD)</td>
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<tr>
<td><strong>Objective(s) / Outcome(s)</strong></td>
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<td><strong>Milestones</strong> (Incl. Value &amp; Reference Year)</td>
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<tr>
<td>Specific Objective 1: To increase the number of growth-oriented start-ups</td>
<td><strong>Objectively Verifiable Indicators (*)</strong></td>
<td><strong>Targets</strong> (Incl. Value &amp; Reference Year)</td>
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<tr>
<td></td>
<td>- Number of start-ups supported, disaggregated by gender of business owner 15</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 (2019)</td>
<td>35 (2023) out of which at least 18 (women)</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>50 (2023) out of which at least 25 (women)</td>
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</tr>
</tbody>
</table>

12 You should also indicate the corresponding ISP, GAP II and SDGs indicator(s) to which the Action is contributing.

Where appropriate and relevant any indicator involving people must be sex-disaggregated. If the indicator is disaggregated by sex, please provide separate values for baseline, milestone and target values for female/male.

Where possible use GAP II indicators.

13 The agreed baseline year is 2017 (to be inserted in brackets in the top row). If for the chosen indicator, there are no available data for 2017, it is advisable to refer to the following year – 2018. The year of reference may not be the same either for all indicators selected due to a lack of data availability; in this case, the year should then be inserted in each cell in brackets. The baseline value may be “0” (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as “N/A” or “will be determined later”.

14 The target year CANNOT be modified. This will be a useful reference to continue measuring the outcome of IPA II support beyond the 2014-2020 multi-annual financial period.

15 Relevant GAP Indicator: 15.8. N# of women accessing EU supported community level, (micro-) financial services (EURF)
### Specific Objective 2:
To improve support to start-ups and micro and small businesses

- **Objectively Verifiable Indicators:**
  - **Number of enterprises receiving support, disaggregated by gender of business owner**: 16
  - **Volume of new investments by Kosovo Micro and Small businesses**: 0 (2019), 2.5 MEUR (2022), 3.5 MEUR (2023)

### Specific Objective 3:
To increase the selected enterprises’ outputs, export capacities and employment levels

- **Objectively Verifiable Indicators:**
  - **Number of new jobs created within supported Micro and Small businesses, disaggregated by employees’ gender**: 17
  - **Volume of new investments by Kosovo Micro and Small businesses owned by women**: 0 (2019), 0.8 MEUR (2022), 1.2 MEUR (2023)
  - **Number of new jobs created within supported Micro and Small businesses owned by women**: 0 (2019), 80 (2022), 100 (2023)

### Specific Objective 4:
Increase the number of women-led start-ups and their outputs, export capacities and employment levels.

- **Objectively Verifiable Indicators:**
  - **Number of start-ups supported owned by women**: 18
  - **Number of enterprises owned by women receiving support**: 0 (2019), 18 (2022), 25 (2023)
  - **Volume of new investments by Kosovo Micro and Small businesses owned by women**: 0 (2019), 35 (2022), 45 (2023)
  - **Number of new jobs created within supported Micro and Small businesses owned by women**: 0 (2019), 80 (2022), 100 (2023)

### Outputs

<table>
<thead>
<tr>
<th></th>
<th>Objectively Verifiable Indicators (*)</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Result 1 (influencing Specific Objective 1, 2, 3 and 4): Access to finance improved for the supported start-ups, micro and small businesses | - **Number of eligible Micro and Small businesses supported by EU assistance, disaggregated by gender of business owner**: 21
- **Total amount of finance provided to eligible Micro and Small businesses, disaggregated by gender of owner** | - project implementation periodic reports | Women overcome social and economic barriers, including care responsibilities, so that they can engage in businesses, become entrepreneurs.

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16 Relevant GAP Indicator: 15.8. N# of women accessing EU supported community level, (micro-) financial services (EURF)
17 Contributing at an impact level to: 14.4. Employment to population ratio (EPR) by gender and age group (15-64) (SDG 8.5)
18 Relevant GAP Indicator: 15.8. N# of women accessing EU supported community level, (micro-) financial services (EURF)
19 Contributing at an impact level to: 14.4. Employment to population ratio (EPR) by gender and age group (15-64) (SDG 8.5)
20 Relevant GAP Indicator: 15.8. N# of women accessing EU supported community level, (micro-) financial services (EURF)
21 Relevant GAP Indicator: 15.8.
### Result 2 (influencing Specific Objective 3 and 4):
Increased engagement of youth and women in training/retraining programmes (e.g. Information and communication technology, entrepreneurship, skills needed by start-ups.)

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Number of youth (disaggregated by gender of training participants)</td>
<td>22</td>
<td>200</td>
<td>500</td>
</tr>
<tr>
<td>women upgrading new skills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Number of youth (disaggregated by gender) and women engaged</td>
<td>0</td>
<td>250</td>
<td>350</td>
</tr>
<tr>
<td>engaged in the training programmes that are employed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Number of youth (disaggregated by gender) and women engaged</td>
<td>0</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>engaged in the training programmes opening their own business</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Project implementation periodic reports
- Centre for Digital Transformation reports

### Result 3 (influencing Specific Objective 2 and 3):
Increased number of Kosovo businesses digitalising their activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Number of eligible Micro and Small businesses digitalising their</td>
<td>0</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>business process, disaggregated by gender of owner</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Project implementation periodic reports
- Centre for Digital Transformation reports

### Result 4 (influencing Specific Objective 3):
Increased capacity for e-learning activities among start-ups, micro and small businesses and (potential) entrepreneurs

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Number of participants in e-learning activities, disaggregated by gender</td>
<td>0</td>
<td>120</td>
<td>150</td>
</tr>
<tr>
<td>of owner</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Equipment needed for improvement of e-learning in National Research and</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Education Network installed</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Project implementation periodic reports
- Centre for Digital Transformation reports

### Result 5 (influencing Specific Objective 1 and 3):
Innovation activities increased within targeted micro and small businesses

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Number of Research and Development projects involving universities and</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Project implementation periodic reports
- Centre for Digital Transformation reports

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22 Relevant GAP Indicator: 13.10 Ratio of female to male who have benefitted from Vocational Education and Training / Skills development and other active labour market programmes with EU support (EURF)

23 Relevant GAP Indicator: 13.10

24 Relevant GAP Indicator: 13.10
DESCRIPTION OF ACTIVITIES
The action will be implemented through 2 components:

1. Tackling the effects of the COVID-19 crisis on start-ups, micro and small businesses (EU funding EUR 3 million)
2. Digitalisation of Micro and Small businesses to increase their resilience in the crisis (EU funding EUR 2.2 million and contribution from GIZ of EUR 0.3 million)

1. Tackling the effects of the COVID-19 crisis on start-ups, micro and small businesses
The objective of the component is to support Kosovo’s innovative start-ups, micro and small enterprises during the times of the crisis through the facilitation of access to finance and business advisory services for their viability/survival and faster development and growth. This component will be implemented through Call for Proposals.

Activity 1.1: Support to start-ups – financial and non-financial support to new start-up businesses to provide them with a small amount of capital for development of the business idea, business development services and infrastructure. In particularly start-ups established by women and youth will be supported;

Activity 1.2: Support to micro and small enterprises – financial and non-financial support to established micro and small enterprises that have the possibility to scale up or have encountered financial difficulties during the crisis and require funds to re-start operations. The financial support under this activity could be combined with loans from banks in order to leverage support to more businesses. Enterprises will receive also non-financial support in the form of business consultancy services needed in the scale-up phase. Businesses across Kosovo, in particularly those established by women and youth, will be targeted.

Activity 1.3: Retraining programme – the development and delivery of trainings in order to retrain people who have lost their job during the crisis to increase their opportunities for self-employment. In particularly women and youth will be targeted by this component, including in non-traditional occupations, challenging gender norms.

The component is expected to target innovative ideas and innovative companies that show potential for growth, in particular enterprises established by women and youth and those having the potential for employing women and youth.

The indicative sub-granting support by the selected implementing partner to the enterprises supported under Activity 1.1 is EUR 10 000.00 per enterprise (financial and non-financial support) and for businesses under Activity 1.2 is EUR 50 000.00 (financial and non-financial support).

2. Digitalisation of Micro and Small businesses to increase their resilience in the crisis
The objective of this component is to support the further development of Kosovo businesses and increase their resilience and agility through the process of digitalisation and digital transformation.

The component will be implemented through indirect management with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in order to support further development of the Digital Excellence Centre located in the Innovation and Training Park in Prizren and the Centre for Digital Transformation (integral part of the Kosovo Chamber of Commerce) and their cooperation and joint activities.

Activity 2.1: Preparation of digital strategies for individual businesses in order to increase their productivity, competitiveness and e-trade (inclusive of gender analysis)

Activity 2.2: Support the implementation of strategies for digitalisation/digital transformation of individual businesses in order to increase their productivity, competitiveness and e-trade (to be co-financed by the businesses).
Activity 2.3: ICT trainings and re-trainings - development and delivery of trainings in order to retrain people that have lost their job during the crisis, in particular youth and women, and are looking to increase their knowledge to enhance their chances of employability.

Activity 2.4: Facilitating cooperation between universities (Pristina and Prizren) and the business community for applied research to increase innovation and competitiveness of businesses.

Activity 2.5: Provision of additional equipment for the National Data Centre (situated in Digital Excellence Centre in Prizren) for the National Research and Education Network - allowing the expansion of e-learning modules for businesses and primary/secondary schools (currently the primary school e-learning programmes are transmitted via Kosovo-wide television programmes).

Activities 2.1-2.4 will be implemented in a form of technical assistance and activity 2.5 in form of supply.

The component will target the digitalisation and digital transformation of non-ICT businesses that show growth potential. The component will also support Research and development in Universities and businesses in order to develop new products for Kosovo businesses and increase their competitiveness in the local and regional market.

The support for the implementation of strategies for digitalisation/digital transformation will be co-funded by the businesses that will undergo the process in order to ensure sustainability of the processes implemented.

This component will complement the Action on the implementation of electronic identification and trust services (e-IDAS) regulation (the regulation is transposed into Kosovo legislation, only adoption is pending) and establishment of electronic identification (e-ID) system to facilitate government to Citizens, Business to Business and Business to Customers relations to be implemented under IPA 2019.

**RISKS**

The impact of the COVID-19 crisis on enterprises in Kosovo cannot be assessed in full at the time of preparation of this Action. The Action focuses on the needs identified so far that will support the further development of start-ups and Micro and Small businesses and the activities that will help businesses to increase their resilience.

<table>
<thead>
<tr>
<th>Potential Risks</th>
<th>Mitigation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up failure</td>
<td>The selection process of start-ups to be supported will be designed well in order to identify the best proposals. In addition, monitoring and mentoring of start-ups through provision of business development services will be done in order to minimize the risks of start-up failure</td>
</tr>
<tr>
<td>Possible limited start-up absorption capacities</td>
<td>The selection process of start-ups to be supported will be designed well in order to identify the best proposals. The selected implementing partner will work with start-ups and provide mentoring in order to allow their development</td>
</tr>
<tr>
<td>Limited absorption capacity among businesses selected for digitalisation</td>
<td>The digitalisation program to be developed based on needs of local businesses. The identification of businesses for digitalisation to be done through selection process, so that businesses that can implement digitalisation process and benefit from it are supported</td>
</tr>
<tr>
<td>Possible non-interest of the unemployed for additional trainings</td>
<td>The trainings to be provided to unemployed to be based on the market needs in order to allow easier employment. Sufficient information on the available trainings to be provided to unemployed, through different channels (official – Employment</td>
</tr>
</tbody>
</table>
Socialised gender norms, e.g. related to women’s place in the society, capacities, unpaid care roles (coupled with unavailability of care services), and socially suitable occupations, all which may hinder women’s engagement

The activities to be designed and adapted in a way to address specific needs of women in order to increase possibilities for participation of women

In order to limit the above-mentioned risks, the implementing partners will make sure to engage adequate staff, work closely with all stakeholders, consult gender expertise and make the best available use of the space/technical resources for start-ups. The incubators have to make sure to have secured capacities for new space development for incubators. In addition, the incubators will closely monitor, train and mentor the supported start-ups.

At an early stage of the implementation process, a detailed screening of potential businesses for admission to the Action is to take place. Selection of the most appropriate potential individuals and businesses should be done using the most efficient Information and Communication Technology tools for testing and evaluation of potential candidates using open and transparent procedures.

In regard to possible overlapping of the activities with those implemented by other donors and institutions, regular meetings will be organised with the relevant donors regarding their projects in order to make sure that activities are well coordinated between projects.

**CONDITIONS FOR IMPLEMENTATION**

There are no pre-conditions for the implementation of the action. However, for the implementation of the action, the following main assumption is made: Absorption capacity of the start-ups and businesses, including in their process of digitalisation.

Other assumptions to ensure a proper implementation of the proposed action include:

- Coordination and cooperation between the involved parties in the launching and implementation of the action;
- Ensure the coordination of activities between stakeholders involved in the action;
- Full commitment and support of the start-ups;
- Commitment by the international and local partners and sufficient funding ensured to allow continuation of similar schemes;
- Development of attractive start-up funding and business support services entirely dedicated to facilitate start-up growth by the implementing partners.
- Development of an attractive package for digitalisation of business processes by the implementing partners.
- Development of a plan for promotion of activities, by the implementing partners, in order to attract a sufficient number of good business ideas and good businesses in order to have the possibility to select the best candidates.

**3. IMPLEMENTATION ARRANGEMENTS**

The first component will be implemented through Call for Proposals managed by the EU Office in Kosovo (direct management).

The second component will be implemented through indirect management with GIZ. The reason for the proposed modality is that the entrusted entity has a significant experience in the sector.
The entrusted entity is developing an innovation and training park in Prizren on the site of a former camp for the NATO peacekeeping force "Kosovo Force" (KFOR) - based on the agreement between Kosovo and the German Government. The plan is for the park to house companies in Information and communication technology sector, the processing of agricultural products and foodstuffs, and from the cultural and creative industries. The site will also provide services and space for start-ups, and training facilities, which will primarily focus on vocational training. A further benefit is that the park will offer business support services. The project is developing the park’s organisational and operational structures, its management system and the advisory services required for businesses and training service providers. This also includes developing marketing and communication strategies for the park.

In addition, the entrusted entity is already implementing a project with the Kosovo Chamber of Commerce on digitalisation of Kosovo businesses and was supporting the establishment of the Centre for Digital Transformation.

Based on their previous experience and based on their technical capacities, regional presence, knowledge of the sector, existing offices and the fact that they are managing the Innovation and training park in Prizren, it is important that the implementation of the Action is implemented by GIZ.

**ROLES AND RESPONSIBILITIES**

The direct beneficiary of the action is Kosovo’s Ministry of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments. The final beneficiaries of the project are start-ups, Micro, Small and Medium Enterprises in Kosovo and recently unemployed people.

The project will be managed by the EU office in Kosovo. All activities within the Project will be performed by implementing partners. Their role will be to ensure conducive environment for the growth of the start-ups and digitalisation of businesses. The role of the EU Office in Kosovo is to select implementing partner for implementation of Component 1 through the Call for Proposals and to monitor implementation of the activities.

The main institutional stakeholders in this project will be the Kosovo Investment and Enterprise Support Agency, the Ministry of Finance – Tax Administration of Kosovo, the Central Bank of Kosovo, the Employment Agency, Vocational Training Centers and Vocational Education Training centres in Kosovo, the Business Consultancy Council, chambers of commerce and different associations. Gender Equality Mechanisms will be consulted and engaged.

**METHOD(S) OF IMPLEMENTATION AND TYPE(S) OF FINANCING (SEE ANNEX IMPLEMENTATION – BUDGET)**

**4. PERFORMANCE MEASUREMENT**

**METHODOLOGY FOR MONITORING AND EVALUATION**

Having regard to the nature of the action, a final or ex-post evaluation can be carried out for this action or its components contracted by the Commission.

The evaluations will be carried out following DG NEAR guidelines on linking planning/programming, monitoring and evaluation. A Reference Group comprising the key stakeholders of this action will be set up for every evaluation to steer the evaluation process and ensure the required quality level of the evaluation outputs as well as the proper follow up of the recommendations of the evaluation.

In case a final or ex-post evaluation is foreseen: It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the program is designed to assist in post-COVID-19 recovery and how similar instruments could be used to support the economic development and increase resilience and competitiveness of businesses.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. As per the EU Gender Action Plan, monitoring and evaluation will include gender analysis, including assessment of the impact on women and girls (indicator 4.1.2).

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

5. SECTOR APPROACH ASSESSMENT

The third pillar of the National Development Strategy (2016 – 2021) relates to competitive industries. This pillar of the National Development Strategy is specifically aimed at private sector development, namely to increase growth, boost manufacturing and exports. The key intervention areas of the National Development Strategy pillar on competitive industries include: increased access to finance for Kosovo Small and Medium Enterprises; supporting and fostering the emergence of Small and Medium Enterprises clusters; increasing the value added of Small and Medium Enterprises activities through improving quality standards; promoting foreign direct investment; improving agricultural land use; utilizing Kosovo’s considerable mineral resources; investing in strategic economic assets through the use of privatization funds; and increased effectiveness of public companies.

A sector level strategy has been approved related to private sector development. The Private Sector Development Strategy 2017 – 2021 was approved in March 2017 by the Ministry of Trade and Industry. The Strategy supports the implementation of the National Development Strategy, in particular the pillar related to competitive industries’ policies and incorporates other actions planned within the other pillars of National Development Strateg, necessary to support business growth, such as improved regulatory environment, improved skills training and increased employment opportunities, improved legislation, improved rule of law and improved infrastructure to be supported through other ministries.

An industrial policy concept exists with key priority sectors. These sectors include textile, Information and Communication Technology, wood, metals, minerals and agri-business. The focus of the Kosovo institutions is to support cluster development and fostering deeper ties between businesses, education institutions and the public sector.

There are a set of other documents, which are relevant for the growth and competitiveness sector (which includes trade and industry). These include: the Stabilization and Association Agreement (SAA), an EU-only agreement, which deals inter alia with the free movement of goods and services; meeting EU quality standards; aid at Kosovo level and intellectual property; upgrading of the Information and Communication Technology sector; and promotion of research and innovation. Competitiveness and investment climate are also part of the European Reform Agenda (ERA), which was adopted by the Kosovo institutions. Since innovation issues are not treated in a separate innovation strategy, the Kosovo Education Strategic Plan 2017 – 2021 is a relevant document that deals inter alia with insufficient scientific research as a vehicle for deepening innovation.

The government has prepared the Information Technology (IT) Strategy. The overall goal of the sector strategy is that the IT sector becomes the main driver for economic growth, employment and innovation by 2020 through increasing the international competitiveness of the Kosovo Information Technology industry based on digital excellence.

The purpose of the Information Technology strategy as the main sector document is to elaborate a specific strategy for promoting the development of the Kosovo Information Technology industry in order to promote digital transformation and supporting Kosovo in becoming a knowledge-based economy. The main beneficiary
and target group of the strategy is the Kosovo Information Technology industry. Related topics such as Information Technology infrastructure and e-government have been covered by other strategies.


Institutional setting, leadership and capacity

Kosovo institutions are responsible for the development of policies, strategies and action plans, which aim at strengthening economic development through ministries, agencies and institutions working under ministerial supervision, as well as non-governmental organisations. These entities cooperate in order to implement necessary measures so that competitiveness and innovation challenges in different sectors in Kosovo are addressed.

The Ministry of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments has been established by the new government by merging several ministries that worked in the field of economic development. The main aim of the ministry is to promote domestic industry and overall economic growth. The ministry covers trade, industry, entrepreneurship, investments, consumer protection, energy, tourism, information and communication technology and employment. The ministry is responsible for development of strategies in the fields it covers and its implementation.

The Ministry of Education, Science and Technology is responsible for the formulation of the science, education and technology development strategy in Kosovo and, consequently, the development of the scientific research and higher education system and the promotion of innovation and technological development. Within the Ministry, the Department for Science and Technology is responsible for the creation of infrastructure, the institutional and financial foundation for development of science and research, and the promotion of technological development.

Kosovo Business Registration Agency operates within the Ministry of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments and is the only responsible institution for registration of businesses in Kosovo. The Agency operates based on an electronic database, as a simpler and faster process for free registration of new businesses which is realized through the connection with 29 municipal registration centres known as “one-stop-shop” solution with the main office. The Agency focuses on creating an assisting image for administrative procedures of registration to help businesses and improve business environment in Kosovo.

Although significant progress has been made in developing the institutional framework to support competitiveness and innovation, especially in relation to policy advice, such as the establishment of the National Economic Development Council, there is still room for improvement. The priority must focus on the improvement of capacity to overcome the system deficiencies which have been identified: lack of experienced personnel, lack of implementation and monitoring mechanisms, as well as limited data available. The areas of inter-institutional co-operation and policy design need to be improved, especially in relation to public debate.

6. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

The Gender Action Plan II of the European Union, requires that gender analyses are used to inform all EU external spending, policy making, and programming (EU GAP II, Objective 4). Moreover, Law 05/L-020 on Gender Equality calls for a gender perspective to be mainstreamed throughout all policies, documents and

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legislation in Kosovo (Article 5.1.3) and gender-responsive budgeting applied. Gender analysis has informed this action, with the relevant gender inequalities integrated in the problem analysis.

Historically, gender inequality has been more pronounced during pandemics. In Kosovo, the pandemic likely has contributed to a heightened risk of domestic violence due to isolation and financial difficulties; further, women face a heightened burden of unpaid work due to the closure of schools and work-places, further undermining their labour force participation. Women can frequently be found at the frontlines of fighting the pandemic, including as health and social workers. Given their unequal position at society, they are also at risk of other violations of their rights, such as illegal discontinuation of their contracts, violations of maternity leave rights and overtime work without pay. Thus, a gender responsive approach to addressing the crisis is crucial.

Even prior to the crisis, gender analysis of the competitiveness sector has shown that women are underrepresented as business owners (owning only 13% of all enterprises in 2017). Women entrepreneurs particularly struggle with financing; in 2017 women-owned enterprises obtained 25 times less funding than men owned enterprises and only 15% of women business owners have used commercial bank loans.

This Action has an OECD Gender Marker 1, with Gender Equality a significant objective. Women as potential entrepreneurs, women employees of businesses, and businesses owned by women will be prioritised as recipients of training. Start-up businesses owned by women will be prioritised in receiving benefits. More specifically, training and other capacity building activities in this Action (timing and schedule) will be fully adjusted to the needs of women with children. Moreover, the facilities shall be fully adapted with the necessary requirements to the needs of women entrepreneurs with children.

This Action will contribute to the implementation of the EU Gender Action Plan II and potentially the EU Gender Action Plan III, particularly Objective 13 “Equal access for girls and women to all levels of quality education and vocational education and training (VET), free from discrimination”, Indicator 13.10. Ratio of female to male who have benefitted from Vocational Education and Training/Skills development and other active labour market programmes with EU Support; Objective 14, “Access to decent work for women of all ages”, Indicator: 14.4. Employment to population ratio (EPR) by gender and age group (15-64) (Sustainable Development Goals - SDG 8.5); and Objective 15: ‘Equal access by women to financial services, productive resources including land, trade and entrepreneurship’, Indicator 15.8. N# of women accessing EU supported community level, (micro-) financial services (EURF).

The Action also contributes to several SDGs, including SDG 5, SDG 8 and SDG 9.

EQUAL OPPORTUNITIES

During the implementation of activities under this action document, the principles of equal opportunities and non-discrimination shall apply, so that participation in the Action will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc. Gender equality incentives are incorporated particularly in activities concerning capacity building. The proposed action has equal opportunity employment for all included people with disabilities. An appropriate men/women balance will be sought in different stages of action.

MINORITIES AND VULNERABLE GROUPS

The impact of the Action on equality of opportunity will be factored into the implementation of the action, and so will tackle discrimination against minorities and other vulnerable and disadvantaged groups. Minorities are to be treated equally, as guaranteed by Amendment No. 59 to the Constitution of Kosovo. Minorities and vulnerable groups as potential entrepreneurs, employees of businesses and businesses owned by minorities and vulnerable groups will be prioritised as recipients of support.

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28 Ibid.
30 Kosovo Women’s Network, Kosovo Gender Analysis, 2018
31 Ibid.
ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER STAKEHOLDERS)

The Action will take into account potential Civil Society inputs and civil society/stakeholder involvement in order to support civil society organisations to strengthen their capacities and professionalism, in thematic areas relevant to the action. Chambers of Commerce and Kosovo Information and Communication Technology Association (STIKK) are important stakeholders for the proposed action.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

According to the OECD report on “The COVID-19 crisis in the Western Balkans - Economic impact, policy responses, and short-term sustainable solutions”, the pandemic has called for an all-inclusive approach to human health by also considering environmental health, especially in relation to air quality, water and sanitation, waste management and biodiversity preservation. Thus, support measures should not derail the efforts to tackle the ongoing environmental challenges.

7. SUSTAINABILITY

The Assessment of Start-up Environment commissioned by EU Office in Kosovo showed that there is a need for further support to start-ups to move into the next stage of growth. The implementation of the action will increase financial and professional capacities for business development and increase entrepreneurship. The Action will also complement the activities of the government, such as the Kosovo Credit Guarantee Fund, which until now does not support early stage start-ups. The financial support through sub-granting, business advisory services and increase of incubation space capacities will assist in ensuring sustainability of the Action as it will provide to the aspiring entrepreneurs better opportunities, knowledge, services and incubation space for conducting their business. Finally, once created and operational, incubators and accelerators and other efforts of support will become attractive for the private sector and are likely to encourage other similar initiatives with sustainability effects.

The sustainability of the Action will be ensured through the final recipients of the assistance. The assistance provided will allow supported start-ups and Micro and Small businesses to develop better and quicker and will therefore have an impact on employment and the competitiveness of Kosovo economy. Sustainability of support to the National Research and Education Network is ensured as it is part of Digital Excellence Centre managed by the government of Kosovo. The Centre is located in the Innovation and technology Park in Prizren, which is managed by GIZ.

8. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the action. The implementation of communication activities shall be the responsibility of the implementing partner under the respective agreement, and shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the EU communication and visibility requirements in force. All stakeholders and implementing partners shall ensure the visibility of EU financial assistance provided through IPA II throughout all phases of the programme cycle.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives, as well as the benefits of the action for the general public. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

The implementing partner will develop a consolidated communication and visibility plan for the Action, to be shared and updated regularly. The plan will also set agreed communication narrative and master messages customised for the different target audiences (stakeholders, civil society, general public etc.). Effectiveness of communication activities will be measured inter alia through public surveys in the IPA II beneficiaries on awareness about the Action and its objectives, as well as the fact that it is funded by the EU. As a minimum, one survey should be carried out before the start of the implementation of the communication and visibility plan and one after its completion.
Visibility and communication aspects shall be complementary to the activities implemented by DG NEAR and the EU Office in the field. It is the responsibility of the beneficiary and the implementing partner to keep the European Union Office fully informed of the planning and implementation of the specific visibility and communication activities. The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA monitoring committee and the sectoral monitoring committees.