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FOSTERING EMPLOYMENT AND GROWTH OPPORTUNITIES

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AWPK	Association of Wood Processors in Kosovo
B2B	Business to Business
DCED	The Donor Committee for Enterprise Development
EUR	Euro
FEGO	Fostering Employment and Growth Opportunities
IF	Innovation Fund
MoU	Memorandum of Understanding
MRM	Monitoring and Results Measurement
MSD	Market System Development
MSME	Micro Small and Medium Enterprises
PA	Partnership Agreement
RCs	Result Chains
ToR	Terms of References
UASF	University of Applied Sciences in Ferizaj

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EXECUTIVE SUMMARY

Through its interventions initiated during 2022, the FEGO project aims at contributing towards job creation and income generation in the furniture, apparel, and rural tourism sectors, thus addressing high unemployment and poverty rates, especially amongst youth and women. The FEGO project has facilitated interventions to support MSMEs and to grow by exploring and introducing new business models in the furniture and apparel sector. In the rural tourism sector, the project has been focused on the development/improvement of the tourism offer in the selected destinations at this stage, capitalizing on the positive trends of municipalities that have increased investments for tourism development. In general, the FEGO project's special efforts are put into gender and social mainstreaming and also in promoting environmentally friendly initiatives throughout all implemented interventions and activities.

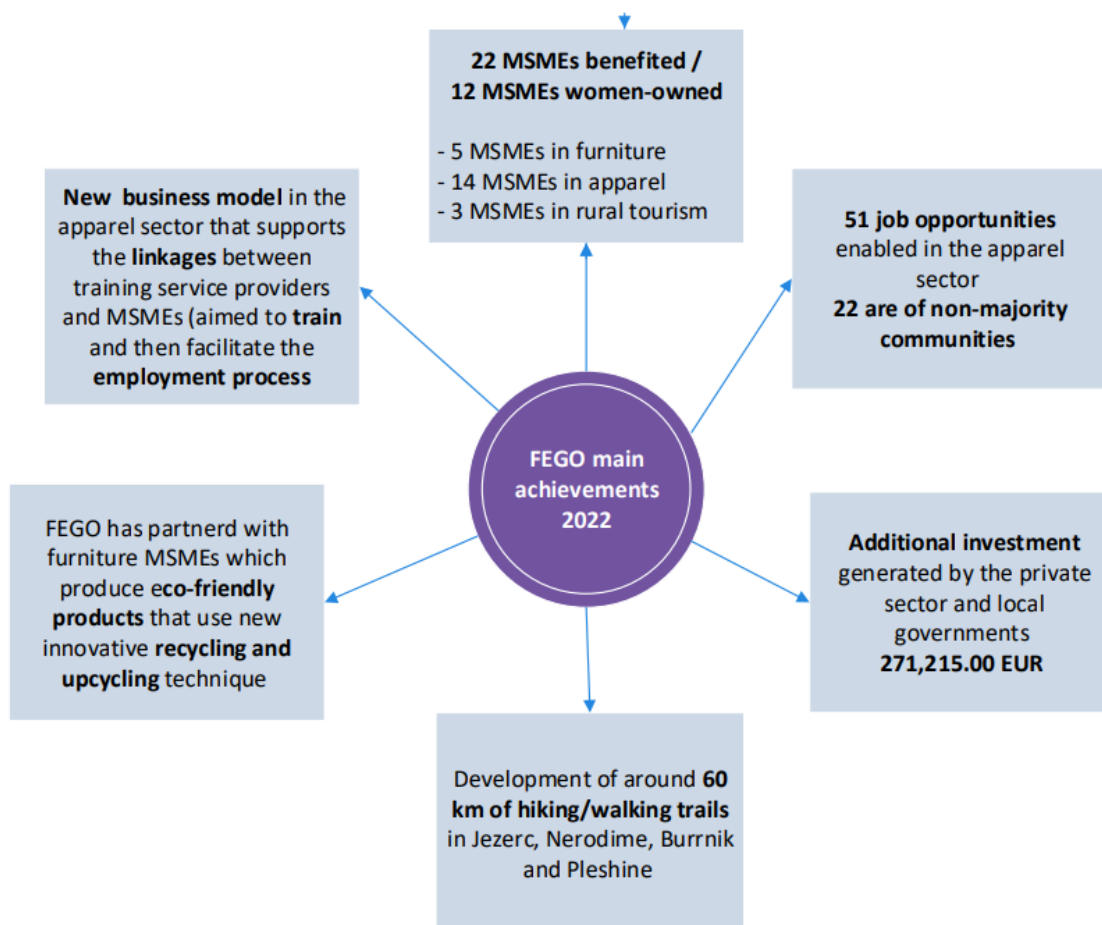
The FEGO project has successfully established a team of nine full-time and two part-time individuals who have undergone training on the implementation of the MSD (Market Systems Development) approach, as well as monitoring and measuring results. The team has also conducted an in-depth market assessment and designed intervention strategies for three sectors and three cross-cutting themes. The team's training in MSD and results measurement will enable them to assess the impact of their interventions accurately. This means that the FEGO project is well-equipped to tackle challenges in those specific areas and has developed strategies to address them. In the first year of implementation, the FEGO project has initially designed intervention strategies with the MSD approach, aiming at systemic changes to create lasting effects that have a larger-scale impact, as well as started immediately with implementation of intervention pilots and businesses models, which will be further scaled in the coming years. The designed interventions aim at increasing decent employment and income among young women and men in Kosovo and enable a better business-doing environment. Additionally, it is expected that the planned activities and direct interventions will produce results in terms of employment and income generation during 2023, as soon as the interventions and activities jointly conducted with the private sector are implemented.

The FEGO project has initiated eight interventions in all three sectors, resultantly in 18 partnership agreements where 15 are signed with MSMEs and 3 Memorandum of Understandings with public institutions. Out of total number of PAs there are 22 MSMEs reached where 14 are in the apparel sector, five in the furniture sector and three in rural tourism sector. Following its sectoral market strategies, the project team has been fully focused in selecting partners that can be factors in fostering growth, bring innovation, improve B2B and B2C linkages, enable export opportunities and so forth, thus, contributing towards reaching the desired systemic changes. The interventions are designed to be supportive of the pro-poor growth in the apparel, furniture, and rural tourism sector. In **Outcome 1**, the project has conducted activities and interventions to support entrepreneurship in both the apparel and furniture sectors, with the aim of helping MSMEs grow and become more competitive in the local and international markets. These efforts have included improving products and services, promoting diversification, introducing innovative and eco-friendly products, increasing production, and processing capacity, establishing B2B linkages, and enhancing branding and export potential. In **Outcome 2**, the project selected potential destinations for intervention based on signs of development of the rural tourism business model at an emerging destination and established rural tourism business models that need improvement. The selected destinations for intervention included Ferizaj/Uroševac, Kamenica, Peja/Peć, Viti/Vitina, the region of Has, and Rahovec/Orahovac. The rural tourism team designed interventions to improve the rural tourism offer and promote branding and promotion at the enterprise level where the main focus during this reporting period was on destinations such as Kamenica, Ferizaj/Uroševac and Peja/Peć.

REPORTING RESULTS

During this reporting period, the FEGO project has established **18 partnerships** with market actors which consist of public institutions, MSMEs, educational institutions and service providers in all three sector, apparel, furniture, and rural tourism. Through **eight interventions**, the FEGO project has managed to work around improving access to services and equipment, market linkages, B2B networks and services, business knowledge, quality and branding of products and services, and sales channels.

FEGO MAIN ACHIEVEMENTS 2022



Graph 1: FEGO main achievements

As depicted in the graph above, from the interventions of the FEGO project, **22 MSMEs** have **benefited**, out of which **12 are women-owned (55%)**. In the furniture sector, the project is working with four private businesses which are focused towards introducing new and innovative products and also in increasing their production capacities so that they are more competitive in the market and have better export opportunities. In addition, amongst partnerships with MSMEs, the FEGO project is working closely with AWPK for the digital platform and also with UASF for development of short-term trainings. In the apparel sector, *out of the seven partnerships, 14 MSMEs* have benefited from the project in upgrading their machinery, increasing production and processing capacities, training on tailoring and modelling and also access to more feasible financial services. In the rural tourism sector, besides MoUs signed with Municipality of Kamenica and Municipality of Ferizaj/Uroševac in

developing new products to attract more tourists, the FEGO project is working with the private sector as well, in particular with three MSMEs to improve the existing tourism offer and their digital presence.

The FEGO project has generated some **51 job opportunities**. Currently, the intervention “Fostering B2B partnerships and business financing models” in the Apparel sector contributes 100% of the results in terms of employment and as the sector is women dominant, the hired employees are all women as well. The results in employment for the furniture and rural tourism sector will be reported in the next reporting period considering that the partnerships have been signed in the last quarter of the 2022. On the other note, the FEGO project partners from the private sector in all three sectors and local government have **co-invested approximately 271,215.00 EUR** that are recorded until December 2022. Nevertheless, the project partners are still in the expansion phase where additional investments are to be generated mainly in construction of new facilities, additional machinery, etc.

The FEGO project has successfully implemented **gender and social mainstreaming** through prioritizing women-owned businesses and initiatives for partnerships. As indicated earlier, over half of total partnerships are women-owned businesses. Furthermore, the selection of the apparel sector as one of the FEGO project sectors has proven to be particularly successful in terms of gender mainstreaming and empowerment. This sector is women-dominated in terms of both - business ownership and employment.

In the *apparel sector*, the FEGO project has facilitated a new pilot intervention by introducing a *new business model* that supports the linkages between training service providers and private companies and aimed to train and then facilitate the employment process. This represents a new business model for training service providers, where trainings are developed and organized based on demand from and partnerships with private sector companies for training new employees. As a result, 10 women are already trained with a basic training program, therefore ensuring 10 new job opportunities from January 2023 and ongoing. In the *furniture sector*, the FEGO project has supported MSMEs in upgrading their machinery which contributes to increased production, increased employment, growth in local and export markets and the diversification of their portfolio and the introduction of *new and innovative products* in the market. Amongst partnerships in the sector, the FEGO project has initiated a cooperation with AWPK – the wood processing association, to develop a new digital promotion platform that will enable MSMEs to improve their *digital visibility and promotion*, and sales consequently. In the *rural tourism* sector, the project has prioritized six destinations to start working in throughout the upcoming four years, namely: Jezerc/Jezerca, Kamenica, Peja/Peć, Vitia/Vitina, Rahovec/Orahovac, and Zym/Zjum. In 2022, the FEGO project has partnered with the Municipality of Ferizaj/Uroševac for the development of around *60 km of hiking/walking trails* and a tourism development plan for the rural regions of Jezerc/Jezerca, Nerodime/Nerodimka, Burrnik/Burnik, and Pleshine. Additionally, the FEGO project partnered with the Municipality of Kamenica for the co-investment in a Zip Line within the Green Valley project which is being developed by the Municipality and is expected to be finalized in 2023. Both Municipalities have increased their committed budget towards the development of the tourism offer for 2023, and the project aims to capitalize this positive trend by following up and expanding on the activities started in 2022.

In general, the team has observed that MSMEs in all three sectors are continuously growing and have an enormous potential to local and international market, thus leading to absorbing and engaging more workers and increasing income for both, the MSMEs and employees. Results generated up to date confirm that the FEGO project is working on the right track towards reaching its targets. Details of interventions and activities that will lead to results are presented in detail under respective outputs.

OUTCOME 1 – ENTERPRISE AND ENTREPRENEURSHIP GROWTH

There are two sectors that are working within this outcome, furniture and apparel. Both sector teams are intensively working with MSMEs, service providers, educational institutions, and local governments towards achieving the desired outcomes. Through the interventions in Outcome 1, the project has facilitated activities to support entrepreneurship initiatives that address the demand of MSMEs in both apparel and furniture sector that enable them to grow and be more competitive in the local and international market. As a result, in the second half of 2022, through different activities and in close cooperation with the private sector MSMEs and service providers, the FEGO project has supported the improvement of products and services, diversification and introduction of innovative and eco-friendly products, increase of production and processing capacities establishment of B2B linkages, branding and promotion and export potential.

Considering that partnerships in the outcome 1 have been initiated in the last quarter of 2022, more results within the outcome will be presented during the next reporting period. Overall, this outcome has high potential to generate market changes, thus producing the desired impact through income generation and employment opportunities.

Output 1.1 – Enterprises have improved access to services and equipment

- Apparel achievements:

Through the intervention ***‘Fostering B2B Partnerships and Business Financing Models’***, the FEGO project supported four MSMEs (AR Tex, Dimali Tex, BUKUR, KAONE) with the objective to increase their production capacities, upgrading their existing products, and expanding their offer in the market by introducing new products, and through co-investment for new machinery. As a result, these MSMEs are expected to not only grow and compete in the local market but also reach regional and international markets. **Three out of these four MSMEs are owned by women, while two are owned by youth.** As a result, the FEGO project has attributed around **50 new jobs** for women and **22 of these went to non-majority employees namely Roma, Gorani, and Serbian.** As indicated, the gender structure of these employees is *100% women*, while minority representation accounts for *44%* in this output. Only in December 2022, earnings through wages or salaries of the additionally engaged women amount to **12,500.00 EUR**.

It is worth mentioning that majority of partnerships were established in the last quarter of 2022 and results coming from these partnerships are expected to be reported during the next reporting period. As it is too early to observe systemic changes on a sectorial level, the teams will closely monitor and assess the impact throughout the upcoming years and report accordingly.

One of the partners, specifically AR Tex has purchased new machinery that will lead to expansion of B2B partnerships with furniture producers, where AR Tex will design and sew fabrics for chairs, sofas and other furniture for other businesses. Through the FEGO project support, BUKUR, the first ready-to-wear brand in Kosovo, has increased manufacturing capacities and plans to move most of its production in Kosovo and open 2 new stores during 2023. Considering that this is a ready-to-wear line, and it is not limited by seasonality, workers in the production line will be engaged throughout the year and the brand will be able to meet the demand and regularly supply the stores from local manufacturing. One of the FEGO project partners, namely Dimali Tex, works exclusively to serve international markets, producing ribbons for world-know chocolate brands - Lindt and J.D Gross. Dimali Tex has already opened **three new production facilities** and has moved a part of its production

to Handikos (the Association of Paraplegics and Paralyzed Children of Kosova), where people with disabilities are producing ribbons for the company and earning a decent income. The production of ribbons has significantly increased due to co-investment in new machinery where Dimali has processed over 500,000 by the end of December. KAONE, an emerging brand established by a young creative designer, was supported with machinery which will allow her to put her drawings into creative design pieces. Through this support, KAONE will be able further grow her brand and expand to international markets. KAONE produces fashion pieces **using recycled materials**, which she collected throughout the years from her previous designs and will introduce a new trend of clothing lines using a garment printer.

- Furniture achievements:

Over the first year of the project implementation, through output 1.1, the FEGO project has implemented intervention 6 – **“Fostering Entrepreneurship and Innovation”**. Through this intervention, the project has initiated **three partnerships** with MSMEs in the furniture sector, namely MetalWood, Tiki Mosaic and Treventi Group, with the aim to improve their quality and production capacities. These partnerships have enabled the FEGO project partners to grow their capacities and improve the design, quality, quantity, and continuity of their supply. In a male dominated sector such as furniture, out of three partnerships, there is **one woman-owned** business and **two are youth owned**. These partnerships have enabled an increase in production capacities, enhancing product portfolios, and introduce new upcycling techniques. The support on co-financing in equipment is expected to contribute to the employment of up to 20 additional employees, in all areas of production and an increase of 30% in sales. Apart from promoting employment, these partnerships will contribute to export promotion, import substitution, and introduction of new eco-friendly products.

To have a better reach of all communities, the FEGO project team has commissioned Nevo Koncepti, a local ethnic non-majority-oriented NGO, for the identification of business initiatives owned by Roma, Ashkali and Egyptian communities, with the aim to support several MSMEs in both furniture and apparel during the first trimester of 2023. In the furniture sector, **seven Roma owned businesses** have been identified, which will be visited by the team during January 2023. After the field visits, the team aims to develop partnership agreements with MSMEs that show potential and interest.

The FEGO project has supported MetalWood through co-investment of a laser machine, where at the same time the start-up company has also constructed a new manufacturing facility which is more modern, bigger, and placed in a more strategic place. The FEGO project has also supported Tiki Mosaic with a new machinery (glass grinding mill) which will enable the company to use glass bottles as **primary recycled supply**, to produce glass tiles (mosaics). Tiki will establish a network for collection of glass bottles in restaurants in the region of Mitrovica, therefore enabling **B2B partnerships** in the region. This intervention will enable Tiki Mosaic to significantly increase the quantity of production for glass tiles. Through the partnership, the FEGO project will also support Tiki Mosaic to exhibit (for the first time) in one of the leading fairs related to their products, so that they have better opportunities and access for exporting their high value products. Lastly, through this intervention, Treventi Group – a **woman-managed business** has been supported to functionalize a processing line for wood interior-doors production, contributing towards **import substitution**, by shifting from trade to manufacturing. The support on an industrial saw and a spinner packing machine completes the whole production plant including the new facility, and directly requires the employment of 15 employees at the very beginning of its operations.



Apparel Sector: Women at Hendikos processing ribbons for Dimali TEX



Furniture sector: Upcycle glass tiles at Tiki Mosaic in Mitrovica

Output 1.2 – Enterprises and young entrepreneurs have improved market linkages, access to B2B networks and services

- Apparel achievements:

Local apparel producers, especially fashion designers, are constantly expanding their businesses and reaching international markets. For that reason, essential support services such as improved market linkages, access to new/improved financial services as well as effective marketing & sales and digitalization, are of utmost importance.

Through the intervention ***‘Improved Business Environment for Apparel Private Sector MSMEs’***, the FEGO project partnered with **one service provider** – Paysera, to support local MSMEs in receiving information regarding Paysera services and enable them a better business-doing environment, specifically aiming one of sector constraints, that being able to receive international payments. This activity aimed to support apparel and furniture MSMEs, to enable them access to a new affordable service to receive payments from international clients. Money transferring platforms such as PayPal are not available for Kosovo-registered businesses and having a well-functioning system of that kind is very important to local fashion designers and furniture producers. For that reason, the FEGO project partnered with Paysera. To date, Paysera has **reached 12 MSMEs**, out of which, **eight MSMEs** are using their services. Out of eight MSMEs using Paysera services, **five are women owned** and **one is youth owned**. Paysera has engaged **one employee (W)** to identify and contact apparel and furniture MSMEs and to present Paysera services to these businesses. Additional results from this partnership will be reported during the next reporting period. The FEGO project is already exploring new partnerships with MSMEs and service providers to support the apparel sector.



Apparel Sector: Training on the basics of tailoring and creative work by Shoqata Bardha

- Furniture achievements:

The FEGO project project has worked with relevant organisations/institutions, with the aim to identify and provide essential support services for market linkages and B2B networks and services. During 2022, the intervention - ***“Matching existing service provision with sector needs”*** has been initiated within this output. Tailoring activities to the needs of the furniture market, will be done through provision of capacity building, knowledge exposure, targeting promotion, etc. for furniture MSMEs and service providers.

To tackle the furniture sector gap in promotion, the FEGO project has initiated activities around the introduction of a new digital promotion and sales platform through national Association of Wood Processors of Kosovo (AWPK). The platform aims to enable furniture MSMEs to improve their **digital visibility and promotion**, and consequently sales as well, not only in the local market but also in international markets (with a focus on diaspora). Further, it is expected that this new digital service will be introduced to at least 50 furniture companies which will have access to the offered services to promote, cooperate, and sell. This would contribute to improved digital presence for the furniture sector and more sales for local market as well as more promotion in export markets.

The FEGO project team has explored activities in coordination with the Municipality of Ferizaj/Uroševac and other relevant stakeholders in finding viable modalities to functionalize, develop and manage the **common workspace (hub) Greme/Grebno furniture center**. Greme/Grebno common workspace (hub) would make the entry of new furniture MSMEs in the market more feasible, by providing them with a common space for improving their skills, testing their prototypes, exchanging information and knowledge with relevant market actors, and most **importantly creating B2B linkages**. The business model for this has yet to be decided, therefore, the FEGO project plans to continue activities for potential functionalization of this common workspace in Kosovo furniture cluster in Greme/Grebno, Ferizaj/Uroševac.

Output 1.3 – Enterprises and Young entrepreneurs have gained business knowledge

- Apparel achievements:

The FEGO project has initiated activities and interventions to address the issue of lack of skilled workers in the apparel sector including tailors and specialized skilled workers in production lines, patron makers, quality assurance experts, and production managers. In the apparel sector, it could be observed that the bridge between training service providers and apparel MSMEs is weak. As such, the piloting intervention was designed to match training services providers either be it public or private with the apparel MSMEs. In particular, through the intervention, ***‘Improving Training Provision for the Apparel Sector’*** the FEGO project has partnered with **two private service providers**, namely with Shoqata Bardha for basic training services and UNI BB through Kosovo Women’s Chamber of Commerce – G7 for specialized training services.

Through the tri-partite agreement between Bardha and Arta Tex, the FEGO project has subsidized part of the cost of basic training for **10 unemployed women**, who will be employed at Arta Tex, starting as of January 2023. The women have been trained in a 7-week training programme in tailoring that the acquired skills will serve to the apparel MSMEs in having a better skilled workforce, thus contributing to employment opportunities and increase of production capacities within the company. On the other note, to support the provision of **specialized training** for the apparel sector, the FEGO project has signed a partnership agreement with Women’s Chamber of Commerce - G7 and UNI BB, as the service provider. The aim of this partnership is to improve workforce skills development and boost productivity within the apparel sector. Kosovo Women’s Chamber of Commerce - G7 is engaged in this project with the aim of creating new linkages and bridge connections among private sector companies in the apparel sector and service providers for basic and specialized training. Apparel sector companies, through G7, will be linked to training centers to train their current workers as well as create new

jobs and train prospective workers. At the beginning, 20 women will be trained through this partnership starting of March 2023.

Both these initiatives represent pilot activities, and it is expected that other companies in the apparel sector will replicate the business model and start to invest more in training services so that have a better skilled workforce. This will result in an increase of internal production capacities and improve of quality of products.

- Furniture achievements:

Within this output, the FEGO project has signed a Memorandum of Understanding with University of Applied Sciences in Ferizaj/Uroševac (UASF) as a key stakeholder in the field of **skills development and provision**. The main objective is to develop missing skills and business knowledge for the furniture sector MSMEs. Through the intervention **“Matching existing service provision with sector needs”**, the FEGO project has conducted a study on Skills Needs Assessment for the furniture sector. Findings from this study, are serving in the development and introduction of short-term trainings by the UASF as per the needs of the MSMEs in the furniture sector. The short-term trainings will be provided to potential and actual employees over the next project years which will lead to filling the skills gap that is quite evident in the sector. Ultimately, promoting, and improving, tailored training offer for MSME employees will not only increase the skills in the furniture sector, but will also increase its productivity and the incomes of everyone involved in the sector. More concrete results on the number of people that will be trained, profiles needed, employment opportunities, income generation etc. will be provided during the next reporting period when the trainings will be conducted.

Innovation Fund

In the framework of the Innovation Fund, the FEGO project has supported HBAH-Hoti in expansion of processing capacities for the introduction of new and innovative wood and furniture products, mainly in accessories and wooden toys. Specifically, through this partnership, the FEGO project has supported HBAH-HOTI in machinery co-finance as well as branding and marketing, which enables the MSME to manufacture new products, and promote and sell them in the local and international markets. Most of the raw material that will be used for these products comes from the residues of existing production, which is currently either used for heating or pellet production. The expected impact of this partnership agreement is manifold. This represents an opportunity for the partner to grow, while at the same time contributing to global efforts in the reduction of plastic products. The project will enable the production of new wooden products (substituting plastic products) on the market and at the same time, it will increase awareness of the health risks of long-term use of plastic. It **promotes recycling of wood residues**, contributing to the **environment preservation**. Additionally, it will contribute to product diversification and the opportunity to enter in new markets. As an outcome of this partnership, least **four other new innovative products** will be introduced within the first year of operation both for the local and international markets, employment opportunities for four additional employees (two men, two women, and two of them coming from non-majority communities) and increase sales by nearly 30%.



Furniture Sector: HBAH Hoti introducing new eco-friendly products

OUTCOME 2 – ENTREPRENEURSHIP DEVELOPMENT IN THE RURAL TOURISM SECTOR

During this reporting period, the FEGO project initiated **three interventions** geared towards product development and branding and promotion at an enterprise level. The FEGO project has signed two Memorandums of Understandings with **two municipalities** and **three partnership agreements** with MSMEs in the rural tourism sector. The project facilitated the provision of missing technical expertise and know-how for the development of new tourism products in strategic regions within the municipality of Ferizaj/Uroševac and Kamenica. The “Product Development” intervention was initiated in these two municipalities, focusing in the villages of Jezerc/Jezerca, Burrnik/Burnik, Pleshine, and Nerodime/Nerodimka, in Ferizaj/Uroševac; and in Busavatë/Busovata and Ruboc/Rabovce in Kamenica. The objective of the intervention is the improvement of the existing tourism offer in these destinations, through the development and introduction of new tourism products, which is expected to contribute to an increase in the number of visitors/tourists, increase in the overnight stays, and spending. The FEGO project supported one accommodation MSME with the provision of value-added support services, in the village of Reka e Allagës in Rugova, and two rural tourism MSMEs – in Shtupeq/Štupelj and Rahovec/Orahovac – towards the improvement of their access to traditional and digital sales channels through the provision of tailor-made branding and marketing services.

Output 2.1 – Local communities have improved the quality and branding of products and services

The work of the Swisscontact and of the FEGO project has had a significant impact on the tourism sector, resulting in increased commitment from the Municipality of Ferizaj/Uroševac and the Municipality of Kamenica towards tourism development. As a result, these municipalities have allocated additional funds to support the sector and have assigned more human resources to help with the development of tourism. Furthermore, the FEGO project has been invited to meetings with other municipalities such as Viti/Vitina and Peja/Peć, towards the end of the year, to explore potential cooperation opportunities, indicating that this positive trend is not limited to the direct partners of the FEGO project, but is spreading to other municipalities as well. Within this output, the project focused on the improvement of the rural tourism offer in emerging destinations, more specifically on the diversification of the menu of things to do/see, within the intervention related to **“Product Development: provision of research and technical services”**.

The FEGO project partnered with the Municipality of Ferizaj/Uroševac for several activities for improving the tourism offer. Initially, both parties have co-invested on the functionalization of the hiking/walking trails in the mountainous areas of Jezerc/Jezerca, Burrnik/Burnik, Pleshine, and Nerodime/Nerodimka. Following the identification and mapping of relevant routes, in coordination with the Municipality of Ferizaj/Uroševac, the FEGO project engaged the Alpine Association Prishtina to implement the project. As a result, **a network of five walking/hiking trails totaling roughly 60 km** was fully functionalized with



Rural Tourism: Newly established trails established in the municipality of Ferizaj

signage, mountain kiosks, and other necessary elements, and reintroduced to visitors/tourists. This product already improves the tourism offer of the destination.

Additionally, the FEGO project and the Municipality of Ferizaj/Uroševac, agreed to engage GEODE, an international company, to offer technical expertise and know-how in initially assessing the potential of strategic regions (Jezerc/Jezerca, Burrnik/Burnik, Pleshine, and Nerodime/Nerodimka) for tourism development, and then offer recommendations of suitable tourism products to be developed. Around **10 recommendations** for various (mainly) outdoor tourism products were given in a Master Plan throughout the destinations mentioned above. The Municipality of Ferizaj/Uroševac has committed to budget the developed of these products independently, as well as through cooperation with the FEGO project.



Rural Tourism: Assessment of the tourism potential in the Municipality of Ferizaj

The project additionally partnered with the Municipality of Kamenica, to co-invest in **the development of one Zip Line** in the Green Valley – an emerging destination in the villages of Ruboc/Rabovce and Busavatë/Busovata, Municipality of Kamenica where a Government investment has been planned. The scope of the partnership included the provision of technical expertise to assess the Green Valley site and determine favourable locations for the instalment of the Zip Line. The development of the Zip Line product is expected to be finalized in the first half of 2023. The newly introduced tourism products are expected to attract more visitors/tourists to these emerging destinations, increase their length of stay and spending, which in turn will translate into a higher turnover for rural tourism MSMEs in these destinations and more employment opportunities.

In an effort of optimizing the quality of accommodation services, through the intervention centred around the **“Provision of value-added support services around accommodation”**, the FEGO project supported Guesthouse Ariu – a woman-owned accommodation MSME located in the village of Reka e Allages in Rugova. As part of the partnership signed, the FEGO project and Guesthouse Ariu agreed to co-invest in equipment for improving accommodation and food provision quality of offer. More, specifically, investment in professional storage equipment for dairy, professional restaurant kitchen equipment, creation of brand and promotion, and heating system connected to solar panels have been foreseen in the partnership agreement. This will enable the guesthouse to improve the quality and increase the quantity of authentic Rugova cheese (also increasing cooperation with other nearby farmers), as well as to improve the offer of the restaurant and accommodation.

BEST PRACTICES OF FEGO

All project activities and established partnerships follow the FEGO project manual which determines and obliges the FEGO employees and partners to adhere to the established set of values anchored in the Swisscontact Code of Conduct (CoC). The objective of the CoC is to provide employees and partners with guidelines to ensure a constructive and innovative working climate based on mutual trust. Every project partner must sign the CoC where a breach or a misconduct by having violated applicable laws or regulations or ethical standards will be reported to the appropriate instances.

To further ensure a prudent process, the FEGO project follows strictly all procurement procedures with all project partners. Referring to the thresholds, the project ensures that the partners respect and conduct the collection of offers process. The FEGO project team does due diligence as an essential aspect of the project for every partner which is selected to cooperate with. The process involves conducting a thorough and comprehensive analysis of all relevant information related to the project. This includes researching and evaluating the market, assessing the financial feasibility, analyzing the risks involved, and identifying potential opportunities. Conducting due diligence ensures the FEGO team that all aspects of the project have been thoroughly assessed and that the project team might be aware of any potential challenges or risks that may arise during the project implementation. Therefore, for the project is crucial to prioritize due diligence in all project activities to achieve project goals efficiently and effectively, thus, preventing instances of corruption or any form of misconduct.

Output 2.2 – Local communities have improved access to sales channels

Toward the end of 2022, the FEGO project began implementing activities within the intervention of ***“Branding and Promotion of destinations”***, where the project facilitated the provision of branding and promotion services at an enterprise level. The main objective was to optimize and boost the presence of rural tourism MSMEs on digital sales and marketing channels. Findings from the market assessment, reflect that rural tourism MSMEs throughout all destinations have a limited presence in digital sales and promotional channels – due to a lack of know-how and limited financial capacities. As such, their promotional means remain informal and based on word-of-mouth. The FEGO project organized an open call for the identification of marketing agencies that provide tailored and affordable branding and marketing services and compiled a list of pre-approved marketing agencies to work with throughout the year. This was done in an effort to meet varying demands and constraints of rural tourism MSMEs, throughout the FEGO-selected destinations and to offer tailor-made and affordable solutions. **Three rural tourism MSMEs** were supported through this intervention. These activities are ongoing, FEGO established partnerships with **Labi Wine**, for promoting wine tours, **guesthouse Chalet Kujta** located in the village of Shtupeq/Štupelj in Rugova, for the web development, branding and promotion, and with Guesthouse Ariu (mentioned above).

For both outputs, more concrete results on the number of tourists, beneficiary MSMEs, employment opportunities, income generation etc will be provided during the next reporting period where we can clearly observe and measure the impact of the project.

MONITORING AND RESULTS MEASUREMENT

The FEGO team has conducted impact assessment to measure the impact of interventions during 2022. Considering that interventions are still in the very early stage of implementation, no significant changes were expected. However, the FEGO project has intentionally prioritized implementation of interventions with potential of quick results, therefore there are already some positive signs towards the progress of the interventions that indicate that the project is on the right track and more detailed results over the impact of the project in all three sectors will be reported during the next reporting period. Majority of the FEGO project partners have started to implement during December 2022 and are expected to be finalized during 2023. The project team will thoroughly monitor the partnerships and assess the systemic changes.

The FEGO project has intensively worked in establishing a robust monitoring and results measurement system following MRM guidelines and DCED standards. Since the start of the project, MRM has been highly involved in the process of quality assurance across all activities and interventions, ensuring traceability and accountability. At the same time allowing the team, if needed, to adapt interventions and activities, being a fundamental part of good project management. Covering this reporting period, in the first six months, the FEGO team has primarily been focused on conducting market assessments and strategies for the three sectors and cross-cutting topics as gender, minority, and environment. As an outcome of the market assessments, the project teams have designed interventions respectively for their sectors which have started to be implemented since the 2nd half of the year. There are eight interventions that have been initiated during this reporting period January – December 2022 and are in their continuity. The project was highly focused in initiating activities for each intervention and later on focused on results measurement and impact assessments. The team has developed MRM intervention documentation such as six intervention concept notes, four result chains and measurement plans and is constantly working in further developing other ones for the remaining interventions in all three sectors. Simultaneously, the project has conducted baseline assessment in the selected destinations (Municipality of Rahovec/Orahovac, Jezerc/Jezerca, and Has region) in the rural tourism sector to have a better overview on the selected destinations. The data gathered was on the destination level, mainly on the number of restaurants, guesthouses, tour operators, data on employment and in-come. The information gathered and analyzed data will serve as a benchmark from which to measure the progress of project interventions during 2023 and beyond. The project will continue to conduct baseline assessment during the first trimester of 2023 in other selected destinations such as Municipality of Viti/Vitina and Municipality of Kamenica.

Sector teams have gathered the baseline information from all partners and recorded in the developed monitoring tools of the FEGO project and continuously have monitored and gathered relevant information mainly in terms of increase of production and processing capacities, employment, income etc. The team has put great efforts in collecting, analyzing, evaluating, and validating results through data triangulation. The partners have been visited to confirm the investments and have been interviewed for the achievements up to date. Besides, the FEGO partners, the team has also contacted its beneficiaries to validate the data.

The FEGO project will continue to monitor project partners and its beneficiaries and report the results on the overall sectorial impact.

COMMUNICATIONS

The FEGO project communications efforts in the initial year of the project were focused mainly on building its brand and informing the audience of the objectives, ongoing activities, and successes. Throughout the first six months of the project, the brand of the project, the website, and social media pages were created/established. The project is currently using Facebook and Instagram as its main social media communications channels to build upon the visibility and reflect the results, and the team produced one newsletter throughout the year.

In 2022, the FEGO efforts aimed at promoting activities related to project objectives, mission, and sustainable changes. The core message of all the FEGO communications emphasized the ongoing work of the project in supporting initiatives to address the challenges and barriers of the apparel, furniture, and rural tourism sector. It also aimed at promoting the contribution of the Swedish government to the private and public sectors in Kosovo. The main tool used was storytelling to present new partnerships with different sector MSMEs and local governance, FEGO's positive impact, improvement, and results.

Social media pages

The main channels of communication used by the FEGO project in the first year of implementation were Facebook and Instagram. All communication entailed clear messages, written in a concise manner to share accurate information and to be attractive, the project used common language and social media emojis in order to maintain an audience-friendly approach.

Facebook: The FEGO Facebook page was created in January 2022. The total organic reach (number of unique users, fans, or non-fans, who saw the page posts) in 2022 was 27,974. Currently, the page has 165 likes and 253 followers. An increase in the number of interactions was noticed towards the end of the year 2022 when the project had more partnerships and activities being implemented – which laid room to populate the page with more information and content. The page posts of the project were shared by partners and other individuals, as well as the Swisscontact Eastern Europe page covering all the projects and activities of Swisscontact in Eastern Europe.

<https://www.facebook.com/FEGOProjectKosovo>

Instagram: Following the Facebook page, the project established an Instagram page to be used as an additional channel for reaching out to a different audience. The total reach on the platform is 2,273 and the page counts 147 followers.

<https://www.instagram.com/fegokosovo>

Webpage: To ensure accessibility to all materials related to the work of the project, to communicate the activities, and the achieved results, and to present the values and support of the Swedish development assistance to Kosovo – the project established a webpage. The webpage serves as an information hub and resource center, where the audience can find all the information and documents about the project, news, announcements, and information on the team and scope of work. The webpage and all its content are translated into Kosovo's official languages: Albanian, English, and Serbian. So far, two stories/articles were published on the webpage and one report, produced by the FEGO project, is in the publications section. The publications section will serve to publish all reports deriving from the work of the project and other reports (such as the annual report etc).

<https://fego-kosovo.org/>

Newsletter: In 2022, FEGO produced a newsletter to disseminate information on project activities and maintain relationships with the partners and other actors.

<https://fego-kosovo.org/newsletter/>

Campaigns: World Tourism Day: In September 2022, the FEGO project organized a one-week campaign for World Tourism Day. The topic of the year 2022 was 'Rethinking Tourism', highlighting the shift towards tourism being recognized as a crucial pillar of development. For this campaign, a series of five short videos – podcasts were produced in collaboration with the PPSE project. The videos covered different tourism (and more specifically rural tourism) topics and the guests were professionals that work in the tourism sector in Kosovo, covering different aspects and they were shared on social media platforms (Facebook, Instagram). The topics that were covered are rural tourism, hospitality, cultural heritage, tourist guides and gastronomy in the sector.

LESSONS LEARNED AND PERSPECTIVES

Despite experiencing some delays during the staff recruitment process, so far, the project has been implemented effectively. The team was able to overcome obstacles and delays with regard to staff recruitment and ensure that the project was carried out smoothly, achieving its targets and objectives. The FEGO project has also made use of the best practices and extensive experience of Swisscontact in the private sector development projects, which has enhanced the implementation of the project. This includes adopting the best practices and knowledge for various stages of the project, such as intervention design, partner identification and negotiation, monitoring, and due diligence.

The main findings and lessons learned during this timeframe are taken into the consideration and have concrete implications during the implementation phase in the upcoming years.

- The FEGO project team has tried initially to identify businesses and initiatives run by non-majority communities in Kosovo. However, considering that lack of information in this regard and the difficulties phasing throughout the process in reaching such businesses, the project assessed that it would be more feasible in engaging a local NGO which is specialized in working with non-majority groups, in particular with Roma, Ashkali, and Egyptian communities. The project engaged Nevo Kocnepti for identification and potential assessment of Roma, Ashkali and Egyptian communities' businesses in the region of Prizren. As such, it will continue to engage Nevo Koncepti and other similar organizations in different regions to implement interventions in this field.
- The Rural Tourism sector is facing a challenge where tourism MSMEs are more reluctant to invest in expansion and new initiatives. This is primarily due to the high inflation rate and rising costs of construction, which have impacted their financial stability. To address this issue, the FEGO project has partnered with Municipalities to provide further support for the development of rural tourism and contribute to the growth of tourism MSMEs. Municipalities have demonstrated their willingness to allocate funds towards investing in the tourism sector and have reached out to the FEGO project for assistance in implementing projects. As a result, the FEGO project is working closely with these Municipalities to help create new opportunities for tourism MSMEs and foster their growth in the sector.
- There is an overall lack of know-how and expertise in the rural tourism sector, particularly in municipalities of emerging destinations such as Kamenica, Rahovec/Orahovac, Ferizaj/Uroševac, etc. that hinder the potential of the sector to grow. This reflects delays in project implementation, and it pushes the FEGO project to seek for international expertise outside of Kosovo. This in turn increases the cost. However, as a long-term objective, the FEGO project tries to build local capacities through the services of international experts thus, contributing to developing and strengthening such services locally.
- The FEGO project is mainstreaming environmental preservation by focusing on promoting business solutions that address environmental aspects, such as recycling, upcycling techniques, and the use of recycled fabrics, among others. Through these efforts, the project aims to support the growth of businesses that prioritize sustainability and environmental responsibility, which will in turn benefit both the environment and the long-term success of these businesses.
- Access to finance for start-ups, particularly for women-owned businesses, remains a significant challenge due to systemic constraints such as limited property and land ownership. However, the FEGO project recognizes the importance of supporting the growth and development of start-ups and women-owned businesses and has made this a priority. To address these challenges, the project is exploring partnerships with public institutions to identify and implement financing modalities that can provide more accessible and affordable funding to these businesses.

- There is a high interest of businesses seeking to partner with the FEGO project. However, the project has added additional filters when selecting partners by prioritizing project ideas that are in line with the FEGO project objectives. Most importantly, the FEGO project is focused on business models that have an overall impact on the sector and not on individual, business level.

RISK MANAGEMENT

The current risk assessment of the project is registered at the table below which provides a short description of the most relevant general risks identified during the market assessment and implementation period, including the management measures specified:

Risk	Impact	Risk Level	Mitigation Strategy
Global shocks – economic impact arising from global shocks	MEDIUM	LOW	The project started working in a new economic environment that has been shaped by COVID-19. The project supports MSMEs that are quite affected by COVID-19 economic impact. Further, war in Ukraine has affected the whole supply chain and transportation costs that have resulted in high inflation. The FEGO project is applying a flexible approach in partnerships, in terms of the FEGO project financial support for specific interventions.
High labour migration trends continue	HIGH	MEDIUM	Labor shortages, in particular skilled labor shortages. The FEGO project is implementing and continuously seeking to expand activities and interventions with regards to trainings that contribute to capacitating workforce. Further, it will promote decent work and formalization of the sector to make work in the three targeted sectors more attractive.
Risk of political instability	MEDIUM	LOW	Focus on the private sector and intervention areas that are more business incentive oriented and are more adaptable to market dynamics less dependent on public sector commitment and involvement. During the reporting period, the FEGO project has focused its interventions and co-investment support in the interventions that have private sector ownership, even in cases where municipalities have co-financed part of the investment.
Risk of overlaps with other projects	LOW	LOW	Regular coordination with all donor projects and public stakeholders that work in the same sectors.
Implementation delay risk emerging from administrative issues when partnering with public and private sector	MEDIUM	LOW	Catalyse existing interest from Municipalities to invest in selected sectors, through facilitating necessary knowledge inputs to accelerate investment. In the tourism sector, the FEGO project supports partners with expertise to initiate product development. Municipalities have increased funds for the rural tourism sector. The FEGO project is selecting businesses who

			have shown interest and willingness to invest in further developing their businesses.
Thin markets, risk of non-response from business support services particularly in rural tourism (lack of know-how, knowledge and limitations of cultural norms)	LOW	MEDIUM	Utilisation of opportunities with high potential and diffusion of learnings through awareness campaigns and role-models to actors with more resistance to change, as well as targeted interventions in cases where mainstreaming is not achievable. Promotion activities will be planned throughout implementation of the project.
Risk of misuse of funds and mismanagement	MEDIUM	LOW	Adherence to Swisscontact and SIDA financial and procurement procedures; all staff, including partners and consultants, abide by the Swisscontact Code of Conduct, including zero tolerance on corruption. Swisscontact maintains a strict good governance and anti-corruption framework. There are regular trainings on CoC. The project team does due diligence for every selected partner.
Risk of misinformation spreading regarding the project activities	MEDIUM	LOW	Effective communication with partners and stakeholders. Partnerships with respective institutions to institutionalize business models, methodologies and lessons of the FEGO project. At a later stage, the FEGO project will initiate a process of developing case studies on main intervention areas where there are signs of systemic change and sustainability.

SUSTAINABILITY

Ensuring the sustainability of project activities and interventions is crucial for achieving long-term positive impact. One key element of the FEGO project ensuring sustainability is the incorporation the principles of sustainability into the design and implementation of the project in close coordination with the private sector and local/national stakeholders. All interventions that have derived from the market assessments and strategy have been designed in line with the MSD approach. Furthermore, all project partners that have been selected based on the assessment on business model potential, sustainability, and scale elements. The project has defined sustainability within the partnership agreements which are signed with the MSMEs in all three sectors, thus making certain that each of the ideas have a sustainability plan on how to further develop their businesses. Besides, the project makes sure when designing interventions and evaluating partners that environmental, social, and economic impacts of the project are taking into consideration. In addition, capacity of local communities and institutions to maintain and build upon project outcomes is the main objective of the FEGO project. Collaboration with local stakeholders and strengthening their position into development of the local economy in the apparel, furniture and rural tourism sector is very important in terms of sustainability. Up to date it can be observed the Municipalities have increased their funding, especially in the rural tourism sector where higher budget is being allocated on yearly basis.

Finally, monitoring and evaluation is integrated throughout the project lifecycle to ensure that progress is tracked, and adjustments can be made to maintain the project's sustainability over time.