



# CASE STUDY

Navigating Challenges and Innovating for the Future Digital Strategies for scaling FEGO's project sectors

Authored by  
Blinera Leci and Fisnik Bajrami

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## INTRODUCTION

The Fostering Employment and Growth Opportunities (FEGO) project, which started in January 2022, is financed by the Swedish International Development Cooperation Agency (SIDA) and implemented by Swisscontact in Kosovo. The project operates in Kosovo and aims to generate employment and income for women, men, and youth presently living in poverty and socio-economic marginalization. This is intended to be achieved through sustainable and scalable growth of small (family) and medium businesses, and start-ups in the apparel, furniture, and rural tourism sectors.

In an increasingly digital world, establishing a strong online presence is essential for businesses to be competitive in the market. While manual production and in-person shopping experiences have their appeal, they can be time-consuming, more costly, and less accessible for everyone. Digitalization, however, offers a transformative solution, breaking down these barriers and opening up global markets to businesses, especially those producing made-in-Kosovo products. Throughout the implementation period, the FEGO project has been deeply committed to triggering systemic changes in the furniture, apparel, and rural tourism sectors by initiating targeted interventions in key areas of digitalization. These include enhancing the financial payment systems, digitalizing sales through e-commerce platforms, streamlining services and processes, and advancing digital marketing strategies. Through these comprehensive efforts, FEGO is contributing towards improving the business environment in the selected sectors, enabling the private sector to effectively reach and compete in the global marketplace.

## DIGITALIZATION AS A CROSS-CUTTING CONSTRAINT AND SUPPORT FUNCTION

While Kosovo shows a growing willingness among SMEs to engage with digital solutions, actual uptake remains uneven across sectors.

Due to the rapid digital transformation on the way how customers and market demands are constantly evolving, the businesses on the other hand, must also adapt by digitally transforming their supply side operations to remain competitive. The apparel industry in Kosovo, particularly fashion, holds immense potential for growth, with many fashion designers and other apparel enterprises emerging every year. However, for these businesses to achieve steady growth, it is essential to continuously enhance both the quality and quantity of their production - first to remain competitive in the local market, and ultimately to expand globally.



Lack of digitalized production process

High cost for marketing and digital solutions

Low promotion (branding of destinations)

Figure 1: Key issues facing the Apparel, Furniture, and Rural Tourism Sectors

Apparel businesses in Kosovo face significant challenges that hinder their growth and competitiveness. One of the most pressing issues for SMEs is the high cost of marketing and digital services - essential for promotion but often unaffordable for startups and small businesses. In addition to financial constraints, many businesses handle these services in-house, leading to suboptimal outcomes due to a lack of proper knowledge and expertise. Likewise, businesses, especially startups, have limited access to new sales channels such as e-commerce platforms and company websites, which are crucial for reaching broader markets and increasing sales. Furthermore, the fashion industry in Kosovo faces a significant shortage of skilled patternmakers, with the majority still working manually due to a lack of access to and training in digital software. This reliance on manual methods makes patternmaking time-consuming and more costly due to fabric waste, while also posing challenges in meeting quality standards.

The recent rapid growth of the furniture sector has not been met with the required support services in the market. The sector shows signs of low promotion (especially in digital spaces), and there is a lack of utilizing online sales channels. While some SMEs have their own websites, these often lack proper user experience and maintenance, leading to a noticeable quality gap compared to international companies operating in Kosovo. On the other hand, the growth of companies and the penetration of additional markets has increased the demand for specialized services such as CNC programming which requires an automatization of the production processes.

In the rural tourism sector, FEGO-selected destinations such as the municipalities of Kamenica and Ferizaj, lag significantly behind in digitalization trends. As a result of little to no municipal investments in supporting these services, these destinations have been unable to develop tailored branding and marketing strategies. The challenges faced at both the destination and enterprise levels hinder the growth and development of these areas. In response to these challenges, FEGO has facilitated a comprehensive strategy to strengthen the digital capabilities of private sector actors and local governments, enabling them to independently address market needs and adapt to future demands. The project has embarked on a series of interventions that contributed to the enhancement of services such as financial services, digitalization of production services, e-commerce, promotion, and branding.

## THE DIGITAL TRANSFORMATION APPROACH

### DIGITAL PAYMENTS

With Kosovo's apparel producers consistently expanding their businesses and entering international markets, the FEGO project has played a facilitative role by contributing to the improvement of business support services, enabling producers to access the resources and support needed for growth. In the intervention of **digital payments**, the project has contributed towards significant positive outcomes in easing the process of receiving international payments for Kosovo's apparel SMEs. Through a strategic partnership with a Fintech Financial Institution, affordable and cost-efficient services tailored to the needs of the apparel industry have been introduced. This partnership, particularly through the available opportunities and integration of such services, has played a crucial role in overcoming one of the major constraints faced by local businesses - ensuring the smooth and efficient handling of international payments.

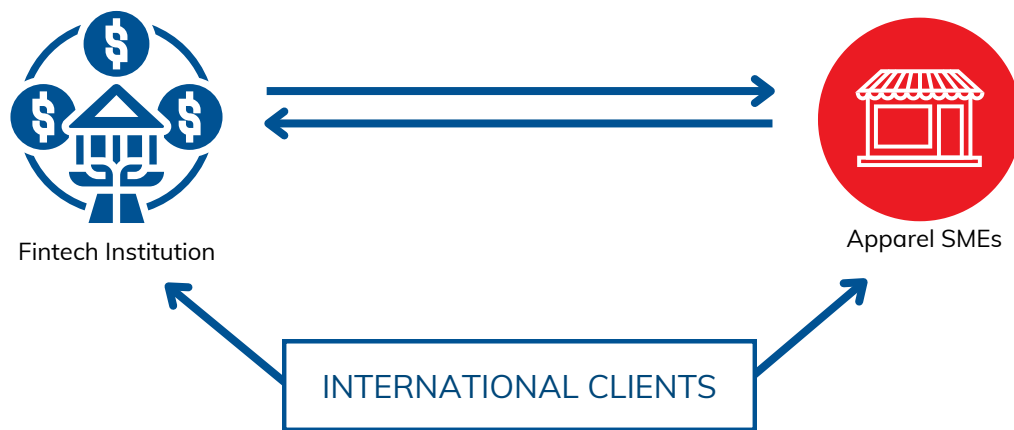


Figure 2: Business model: Digital payment ecosystem supporting apparel exports

## DIGITALIZATION OF SALES (E-COMMERCE)

Focusing on the digitalization of sales, FEGO has prioritized facilitating the development of **e-commerce solutions** by enabling and supporting market actors to meet the growing demand for Kosovo-made products in international markets. The project aims at facilitating access to marketing and digital services by providing affordable solutions through collaborations with marketing specialists and agencies. So far, FEGO has collaborated with two marketing companies to provide affordable, comprehensive services for web design and e-commerce development, specifically targeting apparel SMEs. This initiative has enabled these businesses to enhance their online presence, allowing them to showcase and sell their products to a global audience.

## DIGITALIZATION OF SERVICES AND PROCESSES

The project is supporting innovative business models focusing on the digitalization of parts of the production process, to boost the growth of the businesses. The idea is to support digital transformation, including essential services and capacity building to facilitate the digitalization of operations and networking among private sector businesses. In terms of the **digitalization of services and processes**, FEGO has introduced innovative solutions such as digital pattern-making services, which have significantly improved the production processes for Kosovo's apparel SMEs. This new service addresses a critical gap in the industry by reducing errors, enhancing product quality, and increasing production efficiency.

## DIGITAL MARKETING AND PROMOTION

**Digital marketing and promotion** are key components of the FEGO project's strategy. By collaborating with marketing specialists and agencies, the project has facilitated access to vital marketing and digital services, providing SMEs with the tools needed to improve their visibility, social presence and brand recognition.

Recognizing the growing importance of digital skills in fashion, the FEGO project supported capacity-building initiatives for apparel businesses in Kosovo. Apparel SMEs participated in specialized social media management training, tailored to the needs of the apparel sector in partnership with Growzillas Academy. The training helped businesses refine their sales strategies and expand their target markets through social media. Moreover, companies have shown strong interest in investing in online marketing and improving audience targeting, with many already noting the training's significant impact on their operations.



In the furniture sector, the project has supported the promotion of SMEs through a digital platform and social media management, enhancing their reach both locally and internationally. Makerspace, a local service provider, has leveraged its valuable experience in ICT-related fields to design a tailored Incubation Program for the furniture sector SMEs. This initiative sought to enhance innovative startups and furniture enterprises by developing digital marketing tools, providing guidance, resources, and opportunities for networking, and fostering a sustainable environment for innovation and entrepreneurship. A key focus of the program was supporting digital transformation, including essential services and capacity building to facilitate the digitalization of operations and networking among participating SMEs. This program specifically addressed the needs of start-ups and micro enterprises, supporting their growth and development. Following the efforts to provide SMEs with new digital channels for promotion and sales, the project has supported the development of a digital platform that will be operated by the National Association of Wood Processors of Kosovo (AWPK). The goal of the platform is to increase the digital visibility and promotion of furniture enterprises, both locally and internationally, with a focus on reaching the diaspora.

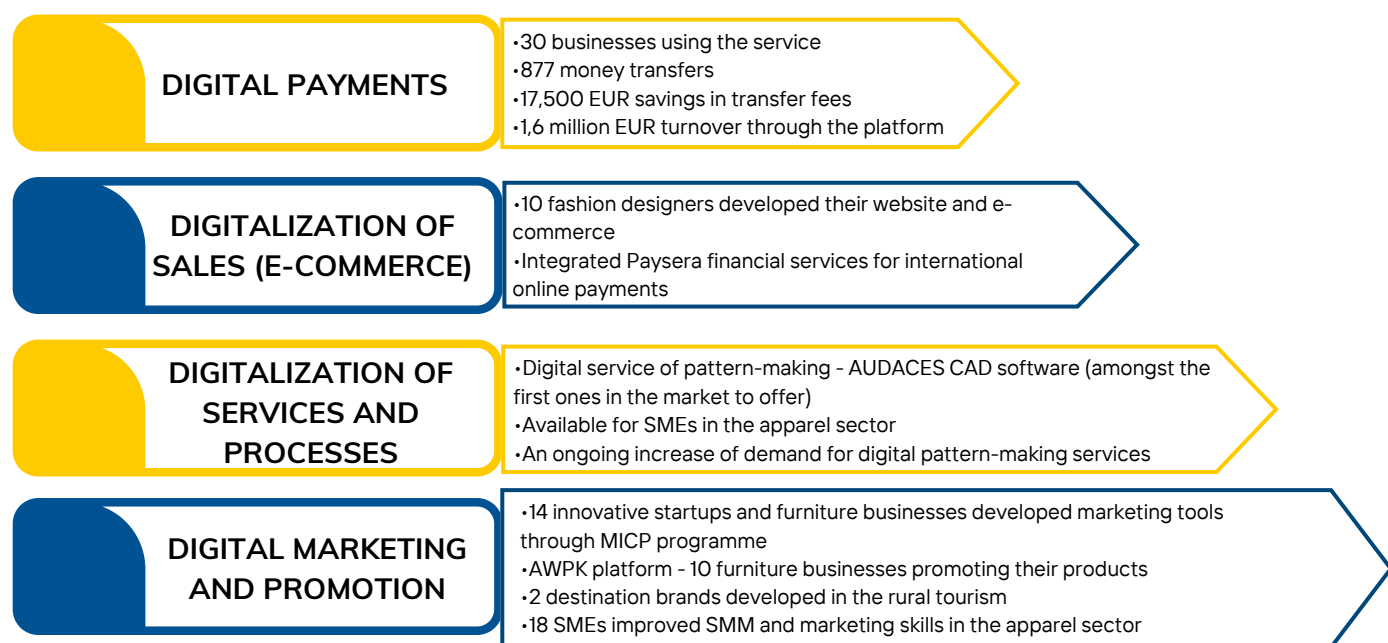


Figure 3: FEGO's key achievements through digitalization interventions across sectors

In the rural tourism sector, the project is contributing to the revolutionizing tourism promotion for municipalities through digitalization and effective branding strategies. Custom tourism destination brands have been developed for the Municipality of Kamenica ([www.luguiverdhe.com](http://www.luguiverdhe.com)) and the Municipality of Vitia ([www.visitvitia.com](http://www.visitvitia.com)), leveraging cutting-edge technology and digital platforms to attract more tourists and boost local economies.

## LONG-TERM SUSTAINABILITY OF DIGITAL SERVICES

Ensuring the sustainability of digital services beyond the life of the project is a central objective of FEGO. The project has partnered with fintech firms, marketing agencies, and industry associations to embed digital services into the local market. For example, the digital platform developed in collaboration with the AWPK is now under the ownership of the association itself, ensuring long-term continuity and relevance for the furniture sector. Meanwhile, municipal tourism websites like [www.luguiverdhe.com](http://www.luguiverdhe.com) and [www.visitvitia.com](http://www.visitvitia.com) are maintained through joint ownership by the

municipalities and other local public enterprises. Similarly, in the apparel sector, most of the websites created continue to receive regular maintenance through local stakeholders, while the digital pattern-making company has secured multiple contracts and is actively planning to develop training programs to extend its services to other local apparel manufacturers, further strengthening the sector's digital ecosystem.

These initiatives promote ownership and accountability at the community level. Private service providers, incentivized by demand generated through project interventions, are beginning to offer these services as part of their commercial portfolio. In several cases, service fees are being reinvested into the platforms, contributing to their continuous improvement and broader accessibility. These developments illustrate a gradual but meaningful shift from donor-driven interventions to market-anchored service delivery, reinforcing systemic change and laying the groundwork for sustainable sector-wide digital transformation.

## CONCLUSION

Digitalization, when treated as a cross-cutting support function, has the potential to transform multiple sectors simultaneously. In Kosovo, FEGO has leveraged this potential to address longstanding constraints and facilitate scalable solutions. Project's comprehensive approach to digitalization has successfully contributed to addressing critical challenges faced by Kosovo's apparel, furniture, and rural tourism SMEs. By enhancing digital payment systems, facilitating access to e-commerce platforms, strengthening digital marketing promotion and introducing innovative digital services, the project has empowered enterprises to compete on a global scale. These targeted interventions have not only improved the operational efficiency and market reach of local enterprises but have also set a foundation for sustainable growth and development in the digital age. The results include higher sales, new export opportunities, newly-created jobs, and improved production processes, all of which contribute to the sustainable growth and development of the targeted industries.

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*The Fostering Employment and Growth Opportunities (FEGO) project aims to boost inclusive market systems development in Kosovo to generate self-employment in the apparel, furniture, and rural tourism sectors. The project is funded by the Swedish International Development Cooperation Agency (SIDA) and implemented by Swisscontact in Kosovo.*