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Diaspora Engagement in Economic Development MPTF OFFICE GENERIC ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2014

<p style="text-align: center;">Programme Title & Project Number</p> <ul style="list-style-type: none"> • Programme Title: Diaspora Engagement in Economic Development • Programme Number (if applicable) 00091536 • MPTF Office Project Reference Number:³ 00091270 <p style="text-align: center;">Participating Organization(s)</p> <ul style="list-style-type: none"> • Organizations that have received direct funding from the MPTF Office under this programme • UNDP, IOM <p style="text-align: center;">Programme/Project Cost (US\$)</p> <p>Total approved budget as per project document: 820,000 EUR</p> <ul style="list-style-type: none"> • MPTF /JP Contribution⁴: • by Agency (if applicable) <p>Agency Contribution</p> <ul style="list-style-type: none"> • by Agency (if applicable) <p>Government Contribution (if applicable)</p> <p>Other Contributions (donors) FINLAND US\$ 1,116,099</p> <p>TOTAL: US\$ 1,116,099</p> <p style="text-align: center;">Programme Assessment/Review/Mid-Term Eval.</p> <p>Assessment/Review - if applicable <i>please attach</i></p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Date: <i>dd.mm.yyyy</i></p> <p>Mid-Term Evaluation Report – if applicable <i>please attach</i></p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No Date: <i>dd.mm.yyyy</i></p>	<p style="text-align: center;">Country, Locality(s), Priority Area(s) / Strategic Results²</p> <p>(if applicable) Country/Region <i>Kosovo (under UNSCR 1244/99)</i></p> <hr/> <p>Priority area/ strategic results</p> <p style="text-align: center;">Implementing Partners</p> <ul style="list-style-type: none"> • National counterparts (government, private, NGOs & others) and other International Organizations • Ministry of Diaspora, Ministry of Trade and Industry <p style="text-align: center;">Programme Duration</p> <p>Overall Duration (months)²⁴</p> <p>Start Date⁵ <i>1 July 2014</i></p> <p>Original End Date⁶ <i>30 June 2016</i></p> <p>Current End date⁷ <i>30 June 2016</i></p> <p style="text-align: center;">Report Submitted By</p> <ul style="list-style-type: none"> ○ Name: Yllka Gerdovci ○ Title: Programme Analyst ○ Participating Organization (Lead): UNDP ○ Email address: yllka.gerdovci@undp.org
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¹ The term “programme” is used for programmes, joint programmes and projects.

² Strategic Results, as formulated in the Strategic UN Planning Framework (e.g. UNDAF) or project document;

³ The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to as “Project ID” on the project’s factsheet page the [MPTF Office GATEWAY](#)

⁴ The MPTF or JP Contribution, refers to the amount transferred to the Participating UN Organizations, which is available on the [MPTF Office GATEWAY](#)

⁵ The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

⁶ As per approval of the original project document by the relevant decision-making body/Steering Committee.

⁷ If there has been an extension, then the revised, approved end date should be reflected here. If there has been no extension approved, then the current end date is the same as the original end date. The end date is the same as the operational closure date which is when all activities for which a Participating Organization is responsible under an approved MPTF / JP have been completed. As per the MOU, agencies are to notify the MPTF Office when a programme completes its operational activities.

EXECUTIVE SUMMARY

While the project has continued achieving results as a set for its first phase until 30th of June, respectively 30th of September 2014, implementation of DEED phase two started on the 1st of July of the same reporting year, 2014. Remaining activities under DEED 1 were implemented in parallel with the activities started under DEED 2 (***Please note that DEED 1 was not funded through MPTF***). Although the second half of the year 2014 has been characterized with decisive political developments following the last national elections held in June 2014, DEED has continued to work towards achieving its set goals, despite political developments. The major achievements are listed below:

DEED organized business trainings and finalised two small grant programmes to support entrepreneurship initiatives, especially focusing on women-led remittance-receiving households. This contributed to the employment of at least **85 Kosovars** (out of which **46% were women and 37% from non-majority communities**) through supporting **37 private enterprises** with matching grants.

An additional feasibility study on **potentially applicable financial banking products and services** was completed and presented to all relevant financial institutions, public and private. An agreement between Pro-Credit bank and the German Diaspora Business Network was signed based on the recommendations derived from the feasibility study, moreover - cash cover loans are offered by local banks, Raiffeisen and Pro-Credit to remittance receiving, especially women-led households, based on project recommendations on the basis of the feasibility study.

The first **National Plan on Economic Zones** completed and incorporated the potential of the diaspora. **Database of all economic zones** collected and developed into a website as investment information tool, currently up and running on the Ministry of Trade and Industry (MTI) website. **Three (3) feasibility Studies for Gjakova Free Economic Zones** finalised jointly with MTI. **Licensed 44 hectares of the free economic zone** in Mitrovica municipality, construction activities are already ongoing with potential direct investment from the Diaspora. DEED promoted the economic zones to over forty(40) potential diaspora investors in New York.

Kosovo Diaspora Investment Fund (KDIF) Concept Note and Action Plan developed and approved. The first direct contact in Luxembourg with legal advisors, Asset Managers, Tax Advisors, and Fund Service provider, as a result, KDIF legally established as planned and promoted in United States to the Global Union of Diaspora Business Networks (“Global Union”).

Seventeen(17) diaspora business networks established in Europe, and North America. **Global Union of Diaspora Business Networks** established. DEED signed an agreement with the largest interactive global diaspora web platform, KosovoDiaspora.org, an NGO, for **promotion of the Diaspora Register**.

Supported **implementation of eleven (11) conferences and networking events** in Europe and North America. **Facilitated an agreement between Chicago Business Network president and the municipality of Gjakova** to open a textile factory, employing initially thirty (30) workers and up to two hundred(200) within two years.

Organized and held a **two day workshop** to finalize the plan on Economic Zones; and **organised eight study visits** to economic zones and agencies managing and promoting the economic zones in and around Dublin and Istanbul with relevant Kosovo Institutions and municipal authorities on the implementation of the plan on economic zones and to observe closely how successful zones operate.

The project sees the above mentioned achievements as a basis for continued engagement, but there is a need for much more to be done in order to reach the full potential of diaspora engagement and ensure its positive impact.

I. PURPOSE

PLANNED ACTIVITIES <i>List of activity results and associated actions</i>			
<p>Output 1: Strengthened capacities of Kosovo authorities to implement the National Strategy for Diaspora 2013-2018</p> <p>Baseline: <i>MoD has limited capacity (lack of staff, lack of financial resources) to implement the strategy, MDLOs lack substantive expertise to perform their duties as per the action plan, No monitoring and evaluation system in place to support implementation of the diaspora strategy</i></p> <p>Indicators: <i># of advisers recruited to assist the MoD, # of MDLOs trained in substantive knowledge, % of increase in substantive knowledge of MDLOs, existence of a M&E system ; Gender Marker & Rationale Rating - 3</i></p>	<p>Activity Results:</p> <p>1.1: Improved capacities of Kosovo authorities to produce and manage information related to migration and development, including gender disaggregated data;</p> <p>1.2: Improved capacities of Kosovo authorities at central and local level to implement the National Strategy for Diaspora 2013-2018</p> <p>1.3: Functioning diaspora business networks created in the main migration destination countries</p> <p>1.4: Municipal Diaspora Liaison Offices are set up and support is provided to building their capacities Kosovo-wide</p> <p>1.5: Monitoring and evaluation system is created in order to provide sustainable support for local authorities in implementation of the diaspora strategy</p> <p>Activity Actions:</p> <p>1.1.1. Organize trainings and workshops for MoD and other Kosovo authorities staff related to the implementation of the diaspora registry</p> <p>1.2.1. Organize trainings and workshops for MoD and other Kosovo authorities staff</p> <p>1.2.2. Support the MoD on fundraising for the strategy</p> <p>1.3.1. Support implementation of conferences and network events in primary destination countries;</p> <p>1.3.2. Facilitate active participation of diaspora women entrepreneurs in business networks;</p> <p>1.3.3. Organize and support the second conference on Women Diaspora Business network;</p> <p>1.3.4. Facilitate and present the investment opportunities in Kosovo based on the DEED models;</p> <p>1.4.1. Organize trainings and workshops for MDLOs and other Kosovo authorities staff related to their roles and responsibilities</p> <p>1.5.1. Organize trainings and workshops for MoD on monitoring of the implementation of the diaspora strategy</p> <p>1.5.2. Hire Intl/-or National consultant(s)</p> <p>1.5.3. Support the implementation of the M&E plan on the strategy</p>		
	<p>Output 2: Upscaling and consolidation of the tested models and mechanisms that facilitate migrants' investments in Kosovo</p> <p>Baseline: <i>No investment mechanisms targeting diaspora in place</i></p> <p>Indicators: <i># of investment mechanisms, increase (%) of foreign investments to Kosovo ; Gender Marker & Rationale Rating -</i></p>	<p>Activity Results:</p> <p>2.1: Completion of Piloting the selected Models/Instruments for investments</p> <p>2.2: Investment fund targeting the Kosovar diaspora in place</p> <p>2.3: Economic zones targeting the Kosovar diaspora in place</p> <p>Activity Actions:</p> <p>2.1.1. Support of finalization of establishment of economic zones in targeted municipalities</p> <p>2.1.2. Outreach and promotion to potential diaspora investors</p> <p>2.1.3. Organize workshops relevant Kosovo Institutions and municipal authorities staff</p> <p>2.1.4. Promotion of economic zones website among diaspora</p> <p>2.2.1. Analysis of investment opportunities in Kosovo</p> <p>2.2.2. Support to fundraising activities among diaspora investors</p>	
		<p>Output 3: Improved business environment in Kosovo to facilitate development impact of migration and remittances</p> <p>Baseline: <i>25.3% remittance recipients don't have a bank account, 27% of remittance recipient adults are employed, 15% of households have plans to migrate in the near future</i></p> <p>Indicators: <i>Increase (%) of usage of banks by remittance recipients ; increase (%) of employment rate of remittance recipient adults ; # of sales points for Kosovar products in target migration countries ; increased # of returns ; decrease (%) in percentage of households who plan to migrate</i></p>	<p>Activity Results:</p> <p>3.1: <i>Kosovar producers have established links with diaspora businesses abroad, and local Kosovar products are available to the primary diaspora communities</i></p> <p>3.2: <i>Sustainable mechanisms to improve livelihoods of remittance recipient families and remittance receiving communities established and supported (support to micro- and SMEs and skills development)</i></p> <p>Activity Actions:</p> <p>3.1.1. Hire Intl/-or National consultant(s) to conduct an outreach and market assessment on a viability for the Kosovo products to be placed abroad;</p> <p>3.1.2. Assist in coordinating the efforts of MAFRD, KIESA, as well as the MoD to outreach to both individuals and business in the diaspora for promoting domestic products;</p> <p>3.2.1. Small grants program to support entrepreneurship initiatives of remittance-receiving households, especially women remittance receivers in cooperation with (RDAs) by offering business plan competition business trainings and financial literacy;</p> <p>3.3.1. Establishment of database of skills gaps in Kosovo</p> <p>3.3.2. Organize training for MoD and relevant authorities for updating database.</p> <p>3.3.3. Organize training for outreach and identification of diaspora professionals.</p>

II. RESULTS

i) **Narrative reporting on results:**

The overall outcome of the programme is to enhance the contribution of diaspora to poverty reduction in the short-term and to sustainable, gender equitable local economic development in the long-run, through facilitating and encouraging investment and saving behavior among migrants and remittance-receiving households.

In order to address this outcome, in 2014, through the conclusion of phase one (DEED 1), and the introduction of phase 2 (DEED 2), the programme foresaw intervention through key methods outlined as objectives below:

DEED 1 – Phase one (1st of January – 30th of September 2014)

Output 1. An increased gender-sensitive access to financial services and improved literacy of remittance receiving households in Kosovo in order to promote the accumulation of local savings and investment:

The first main result under this output is DEED's promotion of diaspora investments through remittances under its *Grant Scheme activity*. The objective of the grant scheme is to encourage and assist remittance-receiving households, start-up entrepreneurs, and existing businesses in the process of creating or expanding their business by supporting/training them to develop a business plan and operationalize it with a small business incentive fund of maximum 5,000 EUR. The incentive fund is provided in the form of small grants (procurement of equipment/in-kind).

The beneficiaries receiving this incentive fund were required to ensure a minimum of 50% co-financing from Diaspora, cash or in-kind. Out of 37 beneficiaries, 29 have exceeded the minimum financial participation rate, which proves their commitment towards developing/expanding their businesses, thus generating new jobs in the immediate to short term. The grant scheme was especially developed for women led, remittance receiving, households, and 30 out of 37, or around 81% of beneficiaries were women, including women from non-majority communities. In order to ensure engagement of women in the grant scheme, the open call for applicants emphasized that that priority is given to women remittance recipients' in order to boost women entrepreneurship and employment opportunities.

Within the implementation of the grant scheme, DEED organized and completed 4 small grant programmes. Three day business training was organized during each of the four programme cycles. The four grant programmes resulted in the employment of at least 85 Kosovars (out of which 46% were women and 37% from non-majority communities) through supporting 37 private enterprises. Their matching grants amounted to 175,000 EUR, of which 87,000 EUR(50%) were disbursed by the DEED project, while the rest of the funds were invested by the diaspora in Kosovo, thereby fostering closer cooperation between diaspora and remittance receiving households (especially women and minority-run businesses). Periodic monitoring of the grantees businesses and spot visits were conducted in order to monitor their progress in accordance with agreed timelines.

The second result under this output is the completion of a more specific feasibility study on three selected banking products and services which has been published in March 2014 and shared with the Kosovo Banker's Association (KBA), local banks, and international financial institutions such as Credit Suisse and Julius Baer. The feasibility study was also shared with the World Bank, the International Monetary Fund and the Kosovo Central Bank.

The report on the banking products contains suggestions on how to attract remittance receiving households to use the chosen products and shows that banks usually do not consider the diaspora beyond deposits. It further recommends tangible and concrete products and services to be developed that can increase the

inclusion of the remittance receiving families and remittance senders on the other side in the banking system as a precondition for a possible sustainable investment in Kosovo. This has resulted in the DEED project achieving a milestone by sensitising the most influential local commercial banks in Kosovo and financial institutions mentioned above. This can be verified in Pro-Credit and Raiffeisen banks taking remittances into consideration for lending⁸ and VALA and IPKO telecom companies providing special services targeting diaspora. The intervention has ensured that the providers of financial services have data at hand about different services related to remittances that could be provided for clients in Kosovo and in diaspora, as well as raising their awareness about cost effective means of targeting remittance receivers and diaspora.

In addition, as a result of the project efforts, marking the third main result, there are two major banks today in Kosovo, Pro-Credit Bank and Raiffeisen Bank that are ready to offer **cash-cover loans** for the diaspora members and remittance receiving households for business purposes, at lower interest rates, and the opportunity for remittance receiving households to use remittances they receive as collateral, and allow the diaspora to use their collateral abroad to receive loans in Kosovo.

DEED 1 – Phase one (1st of January – 30th of September 2014)

Output 2. Models and mechanisms which facilitate migrants' investment and savings in Kosovo have been identified and piloted

In regards to Output 2, implementation of piloting models for facilitating diaspora investments have started based on the recommendations of the feasibility studies conducted in 2013 and have moved forward. As a first main result under this output, the use of economic zones as tools for attracting diaspora investment shall be highlighted below:

A draft of Kosovo's first and only National Plan on Economic Zones has been completed and approved by the National Council on Economic Zones (NCEZ) and MTI. Four Economic Zones experts, both national and international, have worked with the NCEZ, Kosovo Investment and Enterprise Support Agency (KIESA) MTI, the Mayors of Gjakova, Mitrovica, Suhareka and their staff for nine months to develop a comprehensive set of recommendations, on how they can use economic zones to attract investment, especially from diaspora and create employment opportunities taking into consideration the vast potential of the Kosovo diaspora as well as other foreign capital.

Upon its finalization, NCEZ members agreed to prepare a full analysis of the financial impact of the plan and develop a more detailed incentive scheme for economic zones currently operational in Drenas, Mitrovica, Shtime, Skenderaj. One being developed in Gjakova, and one in the process of being legalized in Suhareka. As well as develop a plan to allocate three (3) million EUR each year until 2018 for further developing of the zones in the future, draft concrete recommendations for laws that need to be amended, supplemented and harmonized to be submitted to the government, and finally, draft an action plan. Through thorough analysis of Kosovo's budget, a financial plan was created to allocate 3 million Euros to economic zones on a yearly basis to continuously financially support the economic zones.

The above plan was presented again to the newly elected Minister of MTI, Ms. Hikmete Bajrami. Once approved, Kosovo institutions will allocate funds to functionalize economic zones annually until 2018. These include but are not limited to the municipalities of Gjakova, Mitrovica, Prizren, Suhareka, Drenas and Shtime.

The project successfully supported the municipality of Mitrovica to complete the licensing process for forty-four (44) hectares of free economic zone. All the documentation was compiled and submitted to the MTI on

⁸As reported by Boryana Mustafa, a Board member of KBA

the 31st of March 2014 by the mayor of the municipality. The application was approved by MTI and the Ministry has allocated funds to the municipality to begin investing in functionalising the zone.

The project has also initiated and finalized three (3) feasibility studies for the free economic zone(s) in the municipality of Gjakova jointly with MTI. Feasibility studies were submitted and approved by the municipality of Gjakova and MTI.

To systematise and eventually share information on what Kosovo has to offer to potential diaspora investors, the DEED Project has created a new website for the economic zones for KIESA within the MTI. Construction and launch of this website has been deemed as the best way to reach members of diaspora who are interested to invest in the economic zones of Kosovo. This database is rich in terms of its content, since it enables visitors to gain information regarding location, the regulatory system, news, and contact information of the economic zones in Kosovo, and will be updated automatically if the zones expand further.

Website link: <http://zonatekonomike.org/>

Website visitors can find important general information about the existing economic zones such as their size, location, availability of free parcels of land, and the business plan of that particular economic zone. The visitors are able to follow the development of each economic zone from the approval date up until its current status. This provides excellent insights for potential investors for the economic zones in Kosovo,

Finally, the project facilitated the visit of forty (40) potential diaspora investors from North America and Europe to Kosovo, to two target municipalities, Mitrovica and Gjakova, where the respective mayors presented their plans for the zones. Additionally, DEED project organized a study trip on 22-26th of September 2014 to Dublin to learn about the functioning of economic zones, as well as methods of encouraging diaspora investment since the majority of investors in the Irish zones are Irish diaspora. Representatives of the DEED Project, KIESA officials, along with the mayors of Suhareka and Gjakova met with the heads of various developed and well known economic zones, the Investment Development Agency (IDA) of Ireland, as well as with the Lord Mayor of Dublin. The ideas and information obtained during these meetings in Dublin can now be incorporated in Kosovo in order to improve conditions and policies for economic zones, as well as to enhance the strategies used for diaspora recognition and attracting diaspora investments.

In regards to savings model, **the second main result** of this output, the DEED project has made substantial progress during the reporting period. **The establishment of the Kosovo Diaspora Investment Fund (KDIF)** has been initiated and legally finalized during the reporting period. Considering the potential for diaspora investors to reap investment returns in Kosovo as markets emerge, but also a great potential to tap into diaspora savings, the Luxembourg Investment Vehicle⁹ has been recommended by DEED's Senior Consultant on Fund establishment, as the best suitable option for a Regulated Investment Structure compliant with EU Legislation and Directives contributing to the attraction of Kosovo diaspora investments. For this Fund to be established the assigned short term local expert has in line with the DEED's objective developed a comprehensive Concept Note and an Action Plan for establishing the KDIF. In addition, DEED project has made first contacts with the investment fund regulators in Luxembourg who will be the main carrier of such a fund during its lifetime with the project, until its full hand-over to the potential diaspora investors.

The DEED project will cover the fees for managing the legal basis of the fund for two (2) years and will promote it widely in Kosovo and abroad with the purpose of exploring alternative means of financing, such as equity financing. The follow up activities encompass preparation, presentation and promotion of the KDIF publically and overall planning and organization of fundraising meetings and related events.

⁹<http://www.alfi.lu/node/2064>

The project took a first opportunity to **present and promote the KDIF during the US / Kosovo Trade and Investment Promotion - Business to Business (B2B) Mission**, that took place from November 10th, 2014 to November 21st, 2014. The purpose of this mission was to increase the cooperation between Kosovo and US companies, and encourage Diaspora and Foreign Investments in the country. The mission was organised by the American Chamber of Commerce in Kosovo (AmCham), in coordination with the Ministry of Diaspora (MoD) and the Ministry of Trade and Industry/Kosovo Investment and Enterprise Support Agency (KIESA), with the support of the DEED project. The KDIF was presented to diaspora businesses during the business-to-business meetings, conferences and the visits taking place at the diaspora business premises.

The **target group** of the investment facilitation activities foreseen in this output, are members of diaspora as well as domestic and foreign investors who are interested in investing either through the KDIF, or directly in the economic zones established. Therefore it has been important to reach out to these beneficiaries directly to understand their needs and priorities. The project has invested resources and time in getting a comprehensive view of the issues that potential investors have to face and received their input on how these barriers can be reduced. The same information will be used by the related partners and stakeholders including but not limited to KIESA, AMMCHAM and MoD, for their future policy development, to encourage and facilitate foreign/diaspora investments in Kosovo.

The level of engagement and ownership of project stakeholders remains a key **measure of success** for all the achievements mentioned above and the ongoing activities under this output. All activities regarding economic zones have counted on the active participation and engagement of MTI staff at all stages of implementation. From participation in interviews for consultants and evaluation panels for tenders to provision of co-financing 50% of the joint activities, MTI has clearly demonstrated its ownership in piloting this model. The target municipalities as well have demonstrated their commitment to the joint initiatives providing public facilities, human resources, and documentation as needed to support the project activities. Lastly, the interest of potential diaspora investors was manifested in their inquiries to municipal officials as well as to project staff regarding the benefits they would be able to receive from the proposed economic zones. Though still in its preparatory phases, the concept of diaspora investment has been raised many times by members of diaspora as something of interest for them. Further, the case of the agreement between Pro-Credit with the Diaspora Business Network in Germany also indicates how the project activities have helped to empower members of diaspora to collaborate and create new opportunities for themselves that also benefit Kosovo, which is the ultimate goal of the project. At the same time it highlights the engagement of the private sector on engaging with the diaspora which has been increasing steadily throughout the project's implementation.

DEED 1 – Phase one (1st of January – 30th September 2014)

Output 3. Evidence-based policies created by Kosovo authorities who have improved capacity to produce and manage information related to migration and development, including gender disaggregated data

During the reporting period, under this output the project has **successfully** provided support for the implementation of the recently approved “National Strategy on Diaspora (NSD) 2013-2018”. The MoD has prioritized implementation of two components of the NSD, namely; **i)** the establishment of diaspora business associations abroad and **ii)** the development of the Diaspora Register. Regarding the first of the two components, the project has supported the successful establishment of seventeen (17) diaspora business associations, in Europe and North America, namely in Italy, Slovenia, Croatia, France, Luxemburg, Netherlands, Belgium, Switzerland, Germany, Austria, UK, Canada, Detroit (USA), New York (USA), Chicago (USA), Dallas (USA) and last but not least in Helsinki (Finland). To further structure the governing body of the business associations, DEED established the Business Union where all the business associations elected a president for Europe and one for North America, bringing together all the associations under one umbrella for easy coordination and proper structure. Due to timing constraints, summer holidays and the

recent political developments in Kosovo, the establishment of diaspora business associations in other Nordic countries where Kosovo Diaspora resides, has been postponed for 2015 to ensure greater participation.

The diaspora business networks conference and workshop was organized from 16th-18th of May in Pristina. All the executive board members of the individual business associations were present. The conference/workshop resulted in the creation of a business Union of diaspora business associations. The workshop was facilitated by an expert from Ireland in diaspora networking with more than 20 years' experience. An executive board for the Business Union business union has been established which will act on behalf of all the Diaspora Business Networks worldwide, in promoting cooperation, joint ventures and investment opportunities in Kosovo and the region. The detailed statute of the organisation is however at the discretion of the board and networks as such and will be finalized during the upcoming period. More than 60 successful diaspora businessmen, amongst them three (3) women, participated at this event.

To further enhance the successfully established cooperation among the associations, the DEED project has, in coordination with the MoD, initiated the creation of a unified web portal, which can be used by members of each diaspora business association worldwide. By linking diaspora businesses worldwide, the portal will enable them to find, interact, and facilitate trade among themselves. The aim of this initiative is to have more diaspora companies join the associations, to promote the global union as being truly all-inclusive, highly professional, and that it provides value to their businesses. Integration of social networking and e-commerce features will enable companies to be better informed and more engaged. The web portal has been finalized by the end of 2014 and has already been introduced to the Global Union in its initial phase to provide the board members with an idea of its future features, while the final product will be officially delivered in May 2015.

In addition the DEED Project has produced a promotional video on Kosovo's Diaspora investments called "Diaspora talking to Diaspora for Investments" – a joint effort with and co-financed by KIESA and created by a professional media company "Pixels". This audio-video material has been broadcasted on TV Diaspora for 2 months and/or used at different events, such as: the founding event of the business network establishment, and FDI investment conferences organized by MTI in Kosovo and abroad, and it has been disseminated via internet channels. The purpose of this video is to encourage investment from the Kosovo Diaspora. The video presents success stories of diaspora members investing in Kosovo and how the investment has benefited the investor, the economy and the respective municipalities alike.

Regarding the second priority of the MoD, the Diaspora Register, and the project established a partnership with the largest interactive global diaspora web platform, *KosovoDiaspora.org*, to promote participation in the register among members of diaspora around the world. Although the registration trend is positive, a lack of awareness has been flagged as one of the main obstacles towards greater participation. Thus the MoD identified awareness raising and promotional activities to be the most needed intervention.

Therefore, DEED project has assisted and supported the Ministry of Diaspora to develop a physical and e-form to register the Kosovar diaspora in the form of a database that will compile data on the Kosovar diaspora, including their geographic location and socio-economic profiles. The registration form (electronic and physical) to be used throughout the process of development of the Register was approved by the MoD Minister. Besides being part of the Strategy on Diaspora and Migrants itself, the Register will be the first systematic collection of information on the diaspora for the development of evidence-based policies. With the support of the DEED project, the electronic registration of the Kosovar diaspora officially started in January 2014. The Minister of Diaspora has officially marked the start of the registry by stating that by the end of year 2014, Kosovo would have a clear, though preliminary, view of the number of its diaspora and migrants. The latest information from December 2014 shows that more than 45,000 diaspora members, out of approximately 800,000 living abroad, or 5.6% have already registered. Although the process is slow, it has a positive trend.

The **success** of the activities under this output can be measured by the positive feedback for the project and participation in events organized both in Kosovo and abroad. At the forums organized in Europe and North America, where diaspora business associations were established, there has been a high participation of people in most places, in some reaching beyond hundred. In Kosovo, the support for the project was equally or even more evident with six mayors taking the time to personally meet with the delegations from the business associations as well as two ministers, a deputy prime minister, and the prime minister himself in Pristina.

Since this output is related to build the capacity of Kosovo authorities to collect diaspora-related data, the **target group** of the activities were those institutions whose mandates are directly linked to this field: MoD for its role as an interlocutor with diaspora and KAS as the central authority for data collection and analysis. Within these institutions, the specific government staff with which the project worked was largely determined by the internal structures of the institutions themselves. However, in the case of the NSD, the project worked to greater or lesser degree with nearly every director or department head within the MoD as well as the political staff, including the Minister himself. With political change staking place in 2014, the DEED project faced some constraints due to staff changes in some key departments, such as the communications department at the MoD. However the implementing agencies (UNDP & IOM) were able to cover this gap where it was possible using in-house resources, by using technical IT staff to support the MoD.

Besides providing financial and logistical support for the organisation of six workshops that led to the establishment of the associations and the global union, the involvement of two international organisations and the support from the donor have helped in overcoming the hesitation and scepticism of some members of diaspora and to improve their understanding toward the MoD's efforts. This was highlighted several times throughout the process in the individual forums and the final workshop organised in May in Pristina. Without the support provided by the project, the MoD would not have had the logistic capacities to organize the activities by themselves, and also the results in terms of participation and reception would not have been as successful. During this period the project also supported the placement of an advisor within the MoD Department for Research and Investment Support to assist in building the technical capacities of the department staff and in coordinating activities related to the diaspora businesses. The advisor was tasked to maintain constant contact and to follow up with the associations created in order not to lose the momentum. The obvious aim being to keep the DBNs communication alive and to strengthen their cooperation as well as to offer any assistance required vis-à-vis their boards abroad. For the MoD being understaffed, it would have been next to impossible for the ministry to maintain such level of engagement without the support provided by the project, until a Kosovo based Coordination Office for the DBN will be established, which is planned during the second phase of DEED project in 2015.

Regarding the partnership with the *KosovoDiaspora.org*, the project team, jointly with the MoD and *KosovoDiaspora.org* developed a detailed results oriented plan for promotion of the Diaspora Register.

DEED II

DEED 2 – Phase two (1st of July – 31st of December 2014)

Output 1.Strengthened capacities of Kosovo authorities to implement the National Strategy for Diaspora 2013-2018

The project in its second phase of implementation made important achievements to support the private sector and related business associations in Kosovo in taking concrete measures, though still limited in scope, to engage with diaspora as potential investors. These measures include, but are not limited to, supporting and organising investment conferences/B2B meetings and enhancing the cooperation and partnerships among the diaspora business networks worldwide within the global union, as the umbrella organization.

Apart from reinforcing the support to global union's efforts to engage and mobilize diaspora entrepreneurs, the DEED project supported the initiative of the American Chamber of Commerce in Kosovo, the Ministry of Diaspora (MoD) and the Ministry of Trade and Industry/Kosovo Investment and Enterprise Support Agency (KIESA) in organizing the *Traditional US / Kosovo Trade and Investment Promotion - Business to Business (B2B) Mission in the United States of America* from November 10th, 2014 to November 21st, 2014. The aim of this event was to increase the cooperation between Kosovar and US companies, and encourage diaspora and foreign investments in Kosovo. This was done through featuring business-to-business meetings and investment conferences, promoting the business opportunities that exist in Kosovo and establishing a network for the Kosovo private sector with foreign companies. This conference/trade mission has served its purpose to improve the image of Kosovo in the eyes of potential investors and in promoting investment opportunities in Kosovo. The Trade and Investment Mission consisted of a participation in the International Franchise Expo in New York, and various business activities and field visits to selected companies in Des Moines, Iowa (with whom Kosovo has a State Partnership Agreement). While success stories about cooperation between Kosovo and US companies still remain below the desired level, given the considerable number of successful diaspora businesses operating in the USA and the already existing potential for cooperation, the primary aim of this trade mission was to reach out to such companies in order to increase the role of diaspora businesses in Kosovo.

As a result of this mission to the US, the following concrete contractual deals were established:

1. Company "Liri" from Prizren will make the first shipment of their products in the US to test the market and see if there can be a success with the export of confectionery products in the US.
2. "Scampa" Company from Pristina, a company manufacturing biodegradable plastic bags has received commitments to exporting products to the US via an Albanian Diaspora Businessman with whom an agreement was reached.
3. "Hymeri Kleemann" Company from Pristina has been engaged in constructive talks with an Albanian Diaspora Businessman in Dallas for finding a market for the provision of facility maintenance services in Dallas.
4. "Calabria Meat Industry" a recently privatized public enterprise (XhelalSelimi and ShpendJakupi) have discussed in detail their investment plans with the Albanian Diaspora businesses in Dallas. In addition detailed contractual agreements were signed with an American based company for further co-investment in expanding the production in Kosovo and consequently contribute to employment generation and consequently prevent irregular migration.
5. Private College "Universum" has signed a MoU with Demoines Area Community College on mutual programmatic cooperation. In addition, three students from Universum College will be given the opportunity to complete their studies for free in one of the programmes at the Demoines Area Community College.

In addition to the value of the established contacts in furthering the overall business opportunities for future investments and job creation in Kosovo, this mission also allowed the project to promote the Kosovo Diaspora Investment Fund, established under the framework of the first phase of the project as a mechanism for channelling investments in Kosovo – a Fund consolidated legally and 'crafted' in full cooperation with the diaspora.

In line with the above, the DEED project was invited to support and assist in organizing and implementing the first conference of the Global Union of the Diaspora Business Networks (GUDBN), held in Vienna from 6-8 of May 2014. **DEED is in the process of helping the MoD and GUDBN to finalize a strategy on how the Business Networks will remain active even after the project has ended.** A DEED team member was invited to present the Kosovo Diaspora Investment Fund (KDIF), and most importantly presented the draft

Strategic Platform for the Union, also prepared with the support of the DEED project, which was approved in its first version by the Union, the draft is currently awaiting MoD approval. Considering this was the first meeting organised since its establishment, and due to the overload of work involved in functionally and logistically organizing the upcoming event, the Union requested support from the DEED project, as a trustworthy partner based on the successful organisation of previous events and conferences.

In order to ensure sustainability in the long run, DEED remained involved in supporting the DBN and the Global Union, and will continue to do so where necessary and possible in the future, until the Union is fully sustainable and independently operating. The project's participation was crucial as it guided and helped in determining strategic points for coordination of the Global Union prior to establishing a functional secretariat and/or coordination office, be that in Vienna, New York, Dallas or in Pristina for that matter. The DEED project's participation in the first GUDBN conference has contributed to further strengthening the DEED project's cooperation with the business community domestically and abroad, the MoD and all other relevant stakeholders and partners. Lastly, with its active participation, DEED has recognized and underlined the importance of these very successful diaspora women and men entrepreneurs from around the globe, gathered in Vienna, to discuss and consolidate the Network's Union, and prepare for the upcoming 4 day investment and partnering conference in Pristina during May 2015. DEED has also underlined the importance of determining the strategic processes in establishing permanent presence in Kosovo and abroad. All this and the above, is a product of a hard work of the project staff, MTI, KIESA, MoD, AMCHAM, the municipalities of Gjakova, Mitrovica, Suhareka and last but not least, the business associations.

The project's and MoD's direct involvement in the first GUDBN conference has served to underline the dedication and persistence of the MoD in having the Union not just as a success story but as a sustainable, independent, and apolitical organization of Diaspora entrepreneurs, in promoting investments in Kosovo and the region. The same was highlighted several times by the Global Union's presiding members (Europe, US and Canada) throughout their presentations. It was especially underlined that this was a great step ahead in terms of self sustainability and organizational set up for the upcoming investment and partnering event in May 2015.

DEED 2 – Phase two (1st of July – 31st of December 2014)

Output 2. Up scaling and consolidation of the tested models and mechanisms that facilitate migrants' investments in Kosovo

While the project has continued to be very active in regards to this output during the reporting period, it needs to be underlined that in fact this output is a continuation of the same activities from the project's first phase. Therefore described below are some of the important achievements DEED has made toward the full implementation of the pilot phases of the models for facilitating diaspora investment based on the recommendation of the feasibility studies¹⁰ conducted last year.

As described under DEED 1 / Output 2, the initial KDIF has been legally and formally established during the second half of September in 2014. Upon establishment of the DIF, the project team together with its partners and through the business networks created has undertaken several activities aiming at promoting the fund in order to attract potential investors. The DEED project has agreed to cover the fees for managing the legal basis of the fund for 2 years and to promote it widely in Kosovo and abroad with the purpose of exploring alternative means of financing, such as equity financing.

Regarding the use of economic zones as tools for attracting diaspora investments, many **achievements** have already been mentioned under the DEED 1 / Output 2. During the reporting period the Free Economic Zone, whose formal establishment has been supported by DEED has already completed its full capacity with

¹⁰ To read the full recommendations of the feasibility studies, visit the DEED webpage here: <http://deed-ks.org/index.php/reports>

investment companies, majority of which are from diaspora and according to municipality officials who manage the zone including one investment by a Kosovo Serb entrepreneur who will soon acquire a piece of land in the free economic zone in the Municipality of Mitrovica and the identity of whom will be revealed upon contract finalization.

With regards to the Gjakova Free Economic Zone, the DEED project has finalized all the necessary procedures in cooperation with the Gjakova Municipality, yet the licensing of the zone can only be finalized upon the dispute resolution between the municipality and the Kosovo Privatization Agency. This is foreseen to be concluded soon, and thus pave the way for the final move toward licensing of the free economic zone in Gjakova as well, also based on the National Plan on Economic Zones, and supported by DEED.

The **added value** of the activities implemented has been ensuring timely and quality realisation of key aspects of the investment facilitation models. The project has been able to engage highly qualified consultants and institutions, such as: Czech Invest, Enterprise Ireland, International Development Ireland, South County Business Park of Ireland, Sandyford Business Park, Ryan Academy, City West Business Park, IDA College Business Park, IDA Ballycoolen Business Park, Grange Castle Business Park, Dockland Business Forum of Dublin, International Financial Centre, East Point Business Park, the Mayor of Dublin, Skopje Free Economic Zone, Desbas, and ISBAS economic zones in Turkey, the Turkish Ministry of Economy and others to work with the MTI, MoD, municipality officials and other key counterparts in Kosovo to provide guidance in developing crucial assessments, recommendations, incentive schemes as requested by diaspora and plans in line with international best practices that provide a solid groundwork for facilitating investment and encouraging sustainable long term economic growth. While some of these efforts could have gone forward even without project support, it is certain that the same level of quality would not have been reached, at least not within the timeframe allotted. Furthermore, the project has been able to start making links with members of diaspora at the early stage of the process for the mutual benefit of their businesses and the municipalities that will be the eventual destination of their investments by leveraging synergies between outputs.

DEED 2 – Phase two (1st of July – 31st of December 2014)

Output 3.Improved business environment in Kosovo to facilitate development impact of migration and remittances

Similarly to the grant scheme implemented during the first phase, and considering its success in encouraging and assisting remittance-receiving households to start-up or expand their existing businesses and generate employment, the project has planned to continue partnering with the Regional Development Agencies during the second phase to further promote diaspora investments through remittances. However, during the reporting period, the project faced difficulties to implement the planned activities described in the Annual Work Plan 2014(AWP) under this output, due to the organisational changes introduced within the EU supported Regional Development Agencies in Kosovo.

Nonetheless, discussions with the remaining Regional Development Agency – Centre in Pristina, were initiated, and efforts shall be made to conclude a concrete agreement and start implementation of the grant scheme activities at least in Pristina.

DELAYS, CHALLENGES

There have been political factors that have had direct impact in the full implementation of the set and planned activities, due to changes in the Kosovo Government, and thus the Ministry of Diaspora (MoD) following the June 2014 elections. Moreover, several uncertainties experienced during the last few months of the reporting period with regards to the human resource issues within the MoD, especially with regard to man power as well as specialised capacities for undertaking certain activities, have resulted in the postponement of some DEED activities into 2015. Therefore, DEED's expert consultants have played a crucial role throughout the projects' implementation to provide support to institutional counterparts. In all

cases, the project faced problems with government staff that was either unwilling or unable to fulfil assigned tasks due to their personal/professional uncertainty. While certain delays were incurred, the project was still able to mitigate the impact of these problems by keeping the hired consultant within the MoD.

Furthermore, while changing priorities and turnover of staff has been a challenge in the past, the recent parliamentary elections posed an even more acute risk for the relationships built during the last two years of implementation. A change in the governing coalition led to new ministers taking over the leadership of both main governmental counterparts, MoD and MTI. New leadership often means a new vision and/or direction for the ministries, however by aligning all planned activities with the National Strategy on Diaspora, and its action plan, which was approved at the highest level, the project team remains confident that the overall plan will not be affected. Furthermore, the project team has built strong relations with the civil staff of both ministries who still continue in their positions regardless of political level changes. That said political level relationships may need to be rebuilt through consultations and joint planning. This of course requires time and effort which will likely delay implementation of certain activities which need buy-in and approval from the highest levels.

LESSONS LEARNED & BEST PRACTICES

While the potential impact of diaspora on the economy of Kosovo remained a core assumption of the DEED project since its inception, the multiplier effect of activating this potential has only become fully evident during the implementation process. Even during the political stalemate in the last quarter of 2014, diaspora entrepreneurs have not refrained from showing interest in further developing their mutual cooperation abroad and with their counterparts in Kosovo. To the contrary, they have been equally active in exploring opportunities for possible investments. The results of the project's support to establishing diaspora business associations has demonstrated how a small investment in empowering a community can serve as a catalyst for change which can have a profound impact on the lives of many.

A prime example is that of the diaspora business association (DBA) in Germany. Established in October of 2013, the association has by now already shown a willingness and ability to create new opportunities to support their community in Germany by providing information and forming partnerships for investments in Kosovo. Additionally, an important initiative worth to mention is the collaboration between diaspora owned businesses that are members of the association to source products and services from one another (similar results have been achieved also in other networks established thereafter). One such case is a member with a renovation company, contracting another association member which is involved in construction work, to complete a façade that needed redoing; another example of this is the Student Scholarship Fund for Kosovar female Students for the upcoming academic year that has been initiated. This initiative will remain traditional within the German DBA, (hopefully with a "spill over effect" to other networks), which is another great achievement, especially for women and their education and employment perspective in Kosovo.

In another case, the members of the association, many of whom have construction companies, such as in Austria, have started joining forces to buy raw materials in bulk for discount prices in order to be more competitive in the market where they operate in their respective host countries. In addition, they have also begun working together for initiatives to combine forces in Kosovo. Another member of the diaspora business network in Italy has in partnership facilitated investments of an Italian company (Ital-Kos Investment Group) to invest in Prizren in a small leather manufacturing business. Finally, as mentioned previously, the board of the association in Germany also reached an agreement with Pro-Credit Bank for preferential conditions for loans to invest in Kosovo. The former not only shows the potential economic impact of their collaboration, through the multiplication of resources offered by having access to credit, but also the efficiency of the associations' work. The project itself has explored several means of reaching such arrangements, but none have been concretised until the association saw their own benefit and took their own initiative to negotiate with the bank. In short, once organised, the members of diaspora do not passively wait for new opportunities but instead open new doors for themselves.

QUALITATIVE ASSESMENT

The project's two main institutional partners, the MoD and the MTI, have remained very involved throughout the reporting period. Regarding the MoD, cooperation on the technical and operational level has been equally close and effective; regular management level meetings have also been instituted to ensure buy-in and coordination at the highest institutional level. The monthly meetings, as well as ad-hoc meetings, have proven to be very valuable in moving forward issues that require political level approvals as well as allow the implementing agencies to have forewarning of major changes in planned activities.

In relation to MTI, a much closer coordination has been achieved throughout the project. Joint activities in relation to economic zones, the national plan on economic zones, KDIF and economic zones promotion, and Global Business Union establishment have been developed in a participatory manner with full participation of the ministry staff, especially the Kosovo Investment and Enterprise Support Agency (KIESA). This collaboration has been evidenced by the MTI's commitment to contribute 13,477 EUR to the activity 2.2.3, "Concrete Measures to Pilot selected Models/Instruments for investments facilitated" and more specifically to the Engagement of a Company for the Feasibility Study for the Free Economic Zone in Gjakova. This contribution accounts for almost half of the total cost of the feasibility study, amounted to 29,800 EUR. The agreement signed regarding this contribution can be found in annex 3 of this report. The same cooperation with MTI has also been followed when contracting the making of the "Diaspora talking to Diaspora for Investments" video promotion documentary, where MTI contributed with 3,500.00 Euros. The agreement signed regarding this contribution can be found in annex 4 of this report.

As important as these relationships have been and will continue to be to the project, new partners are always important for expanding the scope and reach of project activities. Programmatically, DEED has established cooperation with two diaspora organisations that offer an important and unique experience and expertise to the project activities. The first, as referred to previously, is the partnership with the KosovoDiaspora.org for the promotion of the Diaspora Register. The organisation is uniquely placed to conduct outreach activities and increase the visibility of both the Diaspora Register as well as the project itself. This partnership will be crucial in maximising the impact of project assistance and resources. The second partner identified is related to the cooperation on activities foreseen under the second phase of DEED. The project has entered into cooperation with a small NGO based in Norway called the Diaspora Group, founded by a young professional of Kosovar origin. The Diaspora Group successfully coordinated the placement of eight (8) trainees from the Kosovo diaspora in Norway at different public institutions in Kosovo in 2013 to help increase capacity and bring Norwegian expertise to Kosovo institutions.

Additional partnerships have been strengthened with the EU established Regional Development Agencies (RDA) in with whom DEED organized and completed the four (4) small grant programme schemes, comprising of 37 beneficiaries and conducted a complementary 3-day business training during each event to support entrepreneurship initiatives, with a particular focus on women-led remittance-receiving households. More so, the DEED project has developed and strengthened its partnership with the American Chamber of Commerce in Kosovo, and together with the MoD and MTI/KIESA, have promoted and further established the diaspora business networks, while strengthening the role of the global union, with whom the DEED project has developed and maintained excellent relationship. Most importantly AMCHAM has been a strong advocate for promoting diaspora and foreign investments in Kosovo by also offering their assistance and full cooperation to all interested parties.

New partnerships have been developed as a result of the reputation that DEED has achieved to date. Upon the request by the different development agencies such as USAID and GIZ, IOM and UNDP offices in the region and the Far East, such as Nepal, the project has been active in supporting other similar initiatives through sharing expertise, experience and knowledge. In particular this sort of cooperation took place with the FYR of Macedonia, Albania and Nepal.

CROSS-CUTTING ISSUES

The DEED project continues to make efforts in tackling gender issues throughout the implementation of project activities but also in internal processes. However, challenges still remain especially related to participation of women representatives from MTI, MoD, KIESA, Municipalities, and different institutions with which DEED cooperates.

By creating mechanisms to facilitate remittances to investments the project aims to improve livelihoods and create jobs. Both of these aims are directed to women, with special focus to those unemployed and women active the labour force, their number being extremely low in Kosovo. According to the latest published Labour Force Survey¹¹ Results, in 2013, the labour force participation among women stood at 21.1%, and compared to that among men which amounted to 60.2%. The unemployment rate among women is 38.8% leading to an employment rate amongst women that is four times lower than among men¹².

Gender mainstreaming remains thus a continuous effort for the DEED team which has showed some promising results during the reporting period. Although with great difficulty, DEED located and insisted that three business association's presidents are female. During the implementation of the grant scheme, DEED assured that females make up at least 37% of the beneficiaries, DEED project has also hired two (2) female interns.

The mayor of Gjakova, a female, has had the DEED support with economic zones and economic development of the municipality as a whole throughout the project. The issue of gender balance has become prominent within the project's work with the establishment of diaspora business associations. As the project team has insisted on the equal representation of men and women within the networks, the counterparts from the MoD have begun to take up the issue upon them. Specifically, during the selection of the interim executive boards for the association, the representatives of the MoD have actively encouraged the nomination of women entrepreneurs as the nominations are usually dominated by men.

In addition, the small matching grants scheme under Output 1 of DEED 1 has had a positive impact on the livelihoods of many low income families and communities in Kosovo and special attention within the selection criteria has been given to women headed households as a particularly marginalised category. As a result of this effort, of all grants awarded, 37% have gone to supporting women and their families. Considering women face many challenges toward economic independence, especially in the rural areas targeted by the grant scheme, 37% participation rate of women in the grant scheme is seen as a very positive step.

Whenever possible the project encourages women participation in the project activities (for example when recruiting experts or suggesting delegation members). By actively cooperating with the MoD and other partner organizations, the DEED project also tries to influence on the composition of the participants and staff members that are invited to participate in project events or are otherwise involved in DEED project activities.

However, when partnering with local institutions the DEED project staff must respect the substantive expertise and also decision making power of the partnering institutions, and therefore it is often difficult or impossible to directly influence on the gender balance of project beneficiaries. The "vicious circle" of men dominating in management positions in the main partnering institutions (MoD, MTI/KIESA) remains as a difficulty to engage women into the project activities, who are more often employed in secretarial positions. In all the meetings and events the project staff keeps reminding the partners about the importance of gender mainstreaming.

¹¹ The Labor Force Survey (LFS) 2013 has been published with the support of the Ministry for Foreign Affairs of Finland through the UNDP's project on Active Labor Market Programmes

¹² Employment rate: men 44%, women 12.9% (LFS 2013)

The DEED project tried to tackle common problems related to Diaspora engagement in economic development through utilizing **innovative techniques** and means. To this end, the project has continued to dedicate time and resources to assessing new ideas from other countries and/or scaling up best practices from within Kosovo as well as combining these in order to create specific models, some of which are described below for the local context. This has been particularly true regarding the assessment of investment facilitation mechanisms described earlier. Some of the ideas investigated, such as establishing a private investment fund targeting Diaspora, have proven to demonstrate great potential while others, namely the issuance of municipal bonds targeting Diaspora, do not seem viable at the present time. In both cases, valuable information has been gathered that will be useful to the project and its partners as well as for other countries endeavouring to undertake similar initiatives.

Capacity development remains one of the essential aims of the DEED project and affects many aspects of the project implementation. The MoD had no experience developing inter-ministerial strategies before the project provided technical assistance. The MoD also had limited capacity in developing and implementing the NSD, which is a unique strategy as it lies outside the territory of Kosovo. The development of the strategy was done in a consultative manner; contacts were made with diaspora associations in all the primary destination countries of the Kosovo diaspora and better cooperation was established with Kosovo's diplomatic missions in Europe and North America through the extensive consultations which the project supported. These links, though still mostly informal, have served the MoD not only to review and revise the NSD, but also when other policy or legislative acts related to diaspora needed to be developed, amended and supplemented with input from the diaspora. In addition, the project has and will continue to support the MoD in the establishment of few more remaining diaspora business networks in primary destination countries and shall support the Diaspora Register in order to help formalise outreach channels. The diaspora business networks provide a formal avenue for reaching out to a specific sector of diaspora population which might not be reachable through other associations or consular services but who nonetheless represent an important resource as potential investors in Kosovo. The Diaspora Register will catalogue relevant information about members of diaspora who are interested in closer ties with the Kosovo government and will provide the MoD with a database of contact information for the dissemination of relevant information as well as mobilising inputs from members of diaspora for participation in policy making.

ii) Indicator Based Performance Assessment:

Using the **Programme Results Framework from the Project Document/ AWP**- provide an update on the achievement of indicators at both the output and outcome level in the table below. Where it has not been possible to collect data on indicators, clear explanation should be given explaining why, as well as plans on how and when this data will be collected.

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
DEED 1			
Output 1			
An increased gender-sensitive access to financial services and improved literacy of remittance receiving households in Kosovo in order to promote the accumulation of local savings and investment:			
Indicator 1.1.1 No. of remittance services that promote savings Baseline: 0 Planned Target: 1	Fully Achieved		1-ProCredit Bank, also mentioned in the latest banking Report Study conducted under DEED
Indicator 1.1.2 % of remittances transferred through official channels Baseline: 41%/29% ¹³ Planned Target: 46%/34%	Fully Achieved		57.2% through formal channels (KRS 2012)
Indicator 1.1.3 % of remittances channeled into savings Baseline: 2.5%/2.1% Planned Target: 4.5% / 4.1%	Partially Achieved		3.7% savings by remittance recipients (KRS 2013)
Output 2			
Models and mechanisms which facilitate migrants' investment and savings in Kosovo have been identified and piloted			
Indicator 1.2.1 No. of investment mechanisms for Migrants Baseline: 0 Planned Target: 3	(2) Partially Achieved		
Indicator 1.2.2 No. of remittance services that promote savings Baseline: 0 Planned Target: 15 men, 5 women, total investments in Kosovo 100.000 EUR	Ongoing		

Output 3			
Evidence-based policies created by Kosovo authorities who have improved capacity to produce and manage information related to migration and development, including gender disaggregated data			
Indicator 1.3.1 National Strategy on Diaspora is developed by national stakeholders Baseline: 0 Planned Target: 1 NSD is developed	Fully Achieved		1-Strategy approved as official government document
Indicator 1.3.2 No. of dedicated and qualified staff at the Ministry of Diaspora who are working on migration policy Baseline: 0 Planned Target: 3	Fully Achieved		Min. 3 staff members at MoD (have established a migration policy unit)
Indicator 1.3.3 Regular data collection on remittances by government Baseline: Never Planned Target: Every 2 years at minimum	Partially Achieved		Capacities of the KAS developed, however more efforts should be done to ensure regular data collection. KAS needs to address the financial constraints they are facing
DEED 2			
Output 1			
Strengthened capacities of Kosovo authorities to implement the National Strategy for Diaspora 2013-2018			
Indicator 2.1.1 # of advisers recruited to assist the MoD Baseline: 0 Planned Target: 1	Fully Achieved		MOD
Indicator 2.1.2 # of MDLOs trained in substantive knowledge Baseline: 0 Planned Target: 38	Not achieved	Activity has been postponed for 2015	MOD Municipalities
Indicator 2.1.3 % of increase in substantive knowledge of MDLOs Baseline: 0 Planned Target: 40 - 50%	Not achieved	Activity has been postponed for 2015	MOD
Indicator 2.1.4 Existence of a M&E system Baseline: - Planned Target: 1	Not achieved	Activity has been postponed for 2015	MOD

Output 2			
Up scaling and consolidation of the tested models and mechanisms that facilitate migrants' investments in Kosovo			
Indicator 2.2.1 # of investment mechanisms Baseline: 0 Planned Target: 3	(2) Partially Achieved		
Indicator 2.2.2 increase (%) of foreign investments to Kosovo Baseline: 0 Planned Target: 15 men, 5 women, total investmentsin Kosovo 100.000 EUR	Ongoing		
Output 3			
Improved business environment in Kosovo to facilitate development impact of migration and remittances			
Indicator 2.3.1 Increase (%) of usage of banks by remittance recipients, Baseline: 0 Planned Target: 25 %	Not achieved	Activity has been postponed for 2015	Kosovo Central Bank annual reports Commercial banks
Indicator 2.3.2 # of new jobs generated by the grant remittance recipient adults Baseline:- Planned Target: 60	Not achieved	Activity has been postponed for 2015	ARDA and DEED Reports
Indicator 2.3.3 # of sales points for Kosovar products in target migration countries Baseline: 0 Planned Target: 15	Not achieved	Activity has been postponed for 2015	Reports by MTI and the Global Union
Indicator 2.3.4 Decrease (%) in percentage of households who plan to migrate Baseline:- Planned Target: 10%	Not achieved	Activity has been postponed for 2015	Research reports by NGO's MIA Business Associations IOM

ii) A Specific Story

DEED CONTRIBUTES TO EMPLOYMENT

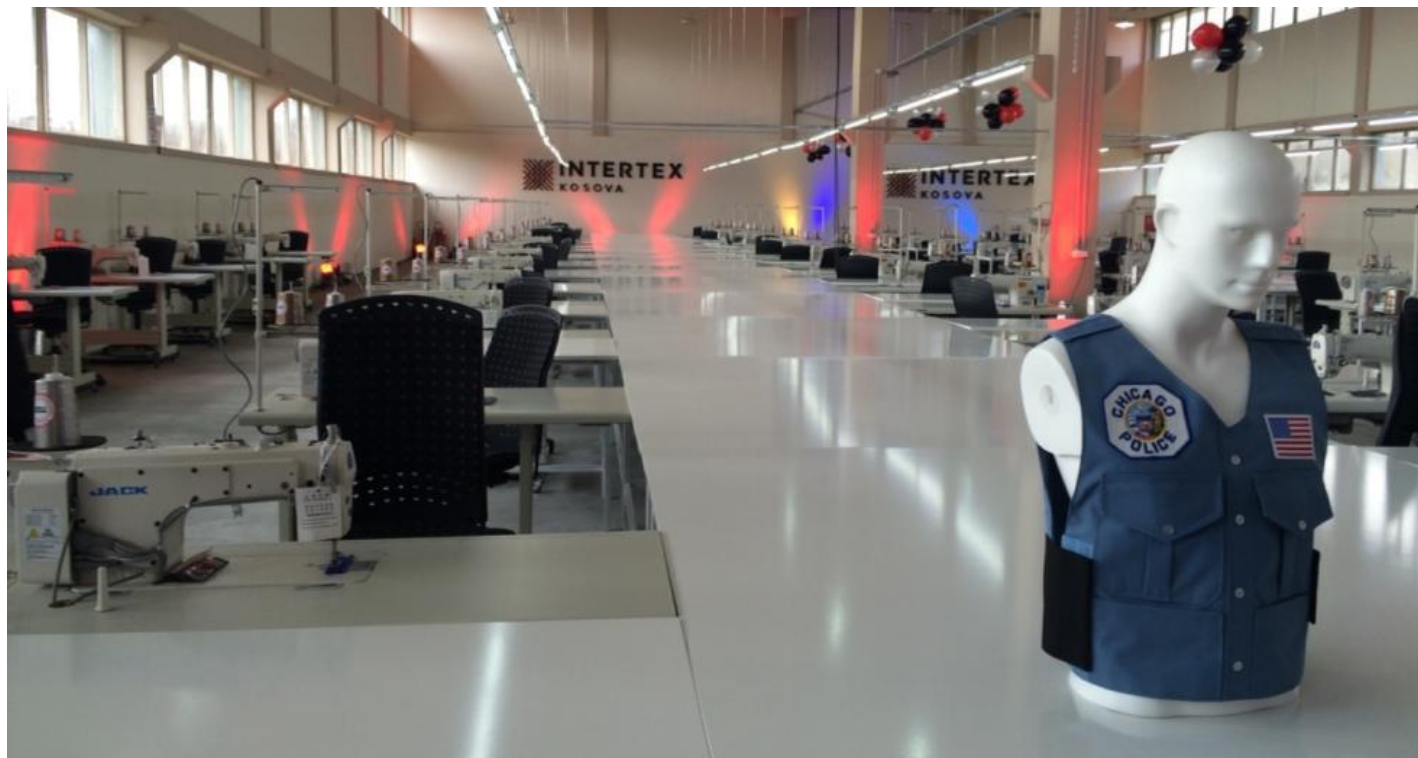


Figure 1: Opening of new Textile Factory in Gjakova as a result of Diaspora Investment

Through its activities and broad potential to influence development, the DEED project has facilitated the opening of a new textile factory in the Municipality of Gjakova which will initially employ 60 people, mostly females, but plans for even further expansion in the future.

This was made possible by the Global Union of Kosovar Business Networks (GUKBN) which was established as a part of DEED project activities in order to coordinate and facilitate the interconnectivity of 17 Kosovar Diaspora Business Associations (KDBA) in Europe, USA, and Canada. To form the GUKBN, all presidents of the KDBA were invited for a two day conference bringing together 50 very successful and well established entrepreneurs who are members of the Boards of the 17 Diaspora Business Networks. During the two day event, many successful diaspora businesses in Kosovo were visited and several investment projects were discussed with the Mayors of Gjakova, Mitrovica, Rahovec, and Junik.

On the last day of the event, the Chicago Business Network board member entered into initial negotiating phases with the Mayor of Gjakova to open a textile factory. Besides bringing potential investors to Kosovo, DEED helped throughout the process to connect the municipality officials and Mr. Ahmetaj to finalize the investment initiative. On February 2, 2015 the factory was opened and will initially employ 60 people, mostly females, but also has great potential and plenty of room for further growth.

This achievement works towards DEED's long-term objective of local economic development, especially in terms of gender equity in the workforce by providing a large number of employment opportunities to women, who traditionally face obstacles in Kosovo's labor market. Furthermore, it proves the potential that the diaspora has in facilitating socio-economic development in Kosovo.

III. OTHER ASSESSMENTS OR EVALUATIONS

i) National Plan on Economic Zones

The National Plan on Economic Zones, which was developed by international consultants that the DEED project engaged, was finalized and approved by the National Council on Economic Zones (NCEZ) in November of 2014. In order to assemble the council and finalize the plan, the DEED project in cooperation with the Kosovo Investment and Enterprise Agency (KIESA) organized a two day event with NCEZ members to approve the plan. In the meeting it was agreed to prepare a full analysis of the financial impact of the plan, develop a detailed incentive scheme to invest in future zones, recommend to the government laws to be amended, supplemented and harmonized, and start drafting an action plan. The first step, of going through a thorough analysis of Kosovo's budget, will allow a fundamental plan, with a strong financial basis, to be made, which will facilitate the allocation of 3 million Euros to economic zones on a yearly basis in order to develop and functionalize economic zones across Kosovo. From this analysis, it was agreed during the meeting that an investment scheme will be created that will continually financially support economic zones such as free ones, industrial parks, and even incubators.

ii) Feasibility study for three economic zones in Gjakova (Metaliku, Jatex, and Virxhinia)

Feasibility studies of each of the three economic zones in Gjakova (Metaliku, Jatex, and Virxhinia) were conducted in 2014. These feasibility studies verified the economic, financial, technical, and legal viability of each of the zones. The studies can thus be used as a basis for making the decision of whether the construction and implementation of the zone is one that would ultimately be beneficial for the economy and the society of Kosovo. They answer fundamental questions such as if it meets the needs of potential investors, what the path of the development of the economic zone would involve, and whether the zone is cost-effective in comparison to alternatives. These feasibility studies conclusively outline the overall viability of each of the zones and describe the potential impact that they may have.

iii) Communication strategy for the Diaspora Registry for the Ministry of Diaspora

A local consultant, who was engaged by the DEED project, in order to aid in the communication and dialogue that is prevalent on the registry of diaspora created the Communication Strategy for the diaspora registry. The strategy outlines in detail methods of increasing the awareness and promotion of the diaspora registry, and ways to influence, engage, and motivate the diaspora to register. It includes an incentive scheme, which emphasizes the incentives that diaspora members could be prone to by registering, and highlights key points such as the need to utilize the media to engage the diaspora, and also to create various platforms in order to ensure steady communication for the diaspora registry between authorities and diaspora members.

IV. PROGRAMATIC REVISIONS

Thus far, due to the fact that the second phase of DEED is just beginning, there has not been any major programmatic revisions or adjustments made to the outcomes or the outputs of the project. However, a small number of activities have been postponed as a result of the government standstill that lasted for six months, which occurred during the time of national elections in 2014. The government standstill prevented DEED from proceeding with a number of its activities especially due to the fact that the majority of these postponed activities required the cooperation of government authorities. The postponed activities are outlined in the "*Indicator Based Performance Assessment*" section of this report.