

Diaspora Engagement in Economic Development

MPTF OFFICE GENERIC ANNUAL PROGRAMME NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2015

<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: 00091270 	<p style="text-align: center;">Country, Locality(s), Priority Area(s) / Strategic Results</p> <p>(if applicable) <i>Country/Region Kosovo (under UNSCR 1244/99)</i></p>
<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;">Implementing Partners</p> <ul style="list-style-type: none"> • Kosovo Institutions (Ministry of Diaspora, Ministry of Trade and Industry) private sector in Kosovo and diaspora residing countries, International Organizations, NGOs etc)
<p style="text-align: center;">Programme/Project Cost (EUR/USD)</p> <p>Total approved budget as per project document: EUR 820,000</p> <ul style="list-style-type: none"> • MPTF /JP Contribution: EUR820,000/US\$966,718 - Government of Finland <p><i>by Agency (if applicable)</i> Agency Contribution</p> <ul style="list-style-type: none"> • <i>by Agency (if applicable)</i> Government Contribution MoD: EUR 60,000/ US\$65,574 MTI/KIESA: EUR13,500/US\$17,816 <p>Other Contributions (donors) (if applicable)</p> <p>TOTAL Project Budget: EUR 893,500 /US\$1,050,108</p>	<p style="text-align: center;">Programme Duration</p> <p>Overall Duration(months): 24</p> <p>Start Date 01 July 2014</p> <p>Original End Date 30 June 2016</p> <p>Current End date 31 December 2016</p>
<p style="text-align: center;">Programme Assessment/Review/Mid-Term Eval.</p> <p>Assessment/Review - if applicable <i>please attach</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Date: dd.mm.yyyy Mid-Term Evaluation Report – <i>if applicable please attach</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Date: dd.mm.yyyy</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

EXECUTIVE SUMMARY

The project contributes to capacities of Kosovo authorities to implement the National Strategy for Diaspora and Migrants 2013-2018, to upscale and consolidate the tested models and mechanisms that facilitate migrant's investments in Kosovo, and improve the business environment in Kosovo to facilitate the development impact of migration and remittances. The achievements of the project during the reference period are elaborated further below:

- The rate of diaspora registering in the Diora Database increased by 580% in comparison to the number register until the end of 2014, as a result of the comprehensive registration campaign in 2015;
- Four (4) medium size business deals and numerous contacts established between diaspora and Kosovo businesses during the Diaspora Success Stories Conference - "ExpoForum" that took place on 29th of June 2015, in Prishtina. Investment success stories in Kosovo and the potential of the diaspora to fund strategic projects was discussed and promoted;
- Three out of twelve companies ("Golden Eagle", "Frutomania" and "Hit Flores") that took part in the ANUGA Food Fair reached agreements for exporting to Europe, whereas, "Hit Flores" has exported the first amount, right after returning to Kosovo, while others two beginning of January. This food fairs is one of the biggest in the world, hosting over 6,700 participants from over 90 countries worldwide. The food fair took place in ANUGA, Germany during October 2015, and the participation of the Kosovar companies was supported by DEED, MTI/KIESA, USAID, SWISSCONTACT, TETRA TECH – AGRO and the Private Sector representatives in Kosovo;
- Three new Diaspora Business Networks established in Turkey, Sweden and Norway. The Diaspora Business Union is thus expanded bringing the number to 25 DBNs in 20 countries. This marks yet another step forward towards the complete interconnectivity of diaspora businesses and the final goal of channeling their combined efforts and potential investments to Kosovo and beyond;
- The Global Diaspora Business Union for the first time organized with their own efforts held their annual meeting in Prishtina and Tirana, indicating the strengthened capacities of the Union and its sustainability. The meetings concentrated mainly on the presentation of concrete ideas and projects of the local and central government representatives to the Business Union Members who could play an important role in providing the capital to implement such projects;
- The specific economic zones were established in the municipalities of Gjakova, Mitrovica and Prizren. The DEED programme has also set a quota for investments originating from diaspora, thus having already a diaspora investor opened his business in Gjakova Economic Zone in June 2015 and hired 35 female workers for a start, thus encouraging other as an example of a successful investment;
- As a result of the Conference on German Kosovo economic relations held in April 2015 in Cologne, organised by the German Diaspora Business Union with the programme support, three major initiatives to be followed up on by diaspora were confirmed:
 - Initiated an employment scheme for up to 10,000 Kosovars in Germany for which the first concrete results are to be seen during the first half of 2016;
 - 10 patients from Kosovo have been given the opportunity for a full health treatment at no cost in Germany.
 - The Investment Fund was introduced and promoted as a mechanism and a major opportunity for Diaspora to invest in Kosovo;
- 20 Kosovars employed through 11 private enterprises supported through the matching-grant scheme of the DEED programme promoting joint diaspora investments in Kosovo. Particular focus is given to women-led remittance-receiving households and non-majority communities (45% of the beneficiaries were women and 11% non-majority communities)
- The DEED project contributed to employment of 116 jobseekers as a result of the direct investments in business development. Such is the case with the opening of the Factory Vrella and the Factory "Plast" in Ferizaj as well as the Small Grant Scheme;

An employer survey identifying the skill gaps in Kosovo's labor market is conducted as a joint activity of the DEED programme and the Active Labor Market Programme2 (ALMP2). The survey gathered interviews of over 590 employers, focusing on 6 sectors with growth potential: wood processing, food processing and packaging, tourism, textile, IT-BPO (Business Process Outsourcing and Customer Support Centers), and metal processing.

I. PURPOSE

The projects main objective is to empower the Kosovo diaspora to play a greater role as development actors in their communities of origin in order to have a positive impact on the local economy and the livelihood of their residence.

The project works with remittance receiving households, members of the Kosovo diaspora, as well as the relevant Kosovo institutions to create opportunities for Kosovo and its people, at home and abroad, to create a better future. The project is funded by the Ministry for Foreign Affairs of Finland and implemented jointly by the United Nations Development Programme in Kosovo and the International Organization for Migration mission in Kosovo.

The status on indicators can be found in the **indicator based performance assessment** table on page nr: 13

Outputs, Baseline, Indicators and Targets for the project January – December 2015	PLANNED ACTIVITIES FOR 2015 <i>List activity results and associated actions</i>
<p>Output 1. The capacities of Kosovo authorities to implement the National Strategy for Diaspora 2013-2018 strengthened</p> <p>Baseline: <i>No registry of Kosovar diaspora in place; MoD has weak capacities to implement the National Strategy for Diaspora; diaspora business networks established in Germany and Austria, 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 Strategy.</i></p> <p>Indicators: <i>Existence of a diaspora registry, % of MoD staff within targeted department reporting that they are satisfied with support provided, # of functioning diaspora business networks</i></p> <p>Targets: <i>- A voluntary registry of Kosovar diaspora piloted</i> <i>- Detailed work plans created for the main responsible departments in the Ministry of Diaspora to implement the strategy</i> <i>- 2 diaspora business networks established, one for diaspora business women</i> <i>- 2 workshops or trainings for MDLOs organized, encouraging municipalities to recruit also skilled women to work with diaspora</i> <i>- M&E system in the Ministry of Diaspora designed and prototyped</i></p>	<p>Activity Results:</p>
	<p>1.1: Capacities of Kosovo authorities to produce and manage information related to migration and development, including gender disaggregated data improved;</p>
	<p>1.2: Capacities of Kosovo authorities at central and local level to implement the National Strategy for Diaspora 2013-2018 improved</p>
	<p>1.3: Functioning diaspora business networks in the main migration destination countries created</p>
	<p>1.4: Municipal Diaspora Liaison Offices are set up and support to building their capacities Kosovo-wide is provided</p>
	<p>1.5: Monitoring and evaluation system in order to provide sustainable support for local authorities in implementation of the diaspora strategy is created</p>
	<p>Activity Actions:</p>
	<p>1.1.1. Organize and facilitate trainings and workshops / forums for MoD and other Kosovo authorities staff related to the implementation of the diaspora registry</p>
	<p>1.2.1. Organize and facilitate trainings and workshops/forums for MoD and other Kosovo authorities staff to produce and manage information related to migration and development, including gender disaggregated data</p>
	<p>1.2.2. Support the MoD on fundraising for the strategy</p>
	<p>1.3.1. Support implementation of conferences and diaspora business networks in five (5) primary destination countries (2 project staff members)</p>
	<p>1.3.2. Facilitate active participation of diaspora women entrepreneurs in diaspora business networks;</p>
	<p>1.3.3. Organise 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. Support the set up and organize trainings and workshops for MDLOs and other Kosovo authorities staff related to their roles and responsibilities</p>
<p>1.5.1. Hire Intl/-or National consultant(s) to set up the M&E System for MoD</p>	
<p>1.5.2. Organize trainings and workshops for MoD on monitoring of the implementation of the diaspora strategy</p>	
<p>1.5.3. Support the implementation of the M&E plan on the strategy</p>	
<p>Output 2: Relevant stakeholder's capacities to facilitate migrants' investments in Kosovo increased.</p>	<p>Activity Results:</p>
	<p>2.1: Piloting of the selected Models/Instruments for investments completed</p>

<p>Baseline: Piloting of diaspora investment models/instruments not completed, a feasibility study on investment funds completed, a feasibility study on economic zones targeting Kosovar diaspora completed.</p> <p>Indicators: # of assessment reports on piloted models for diaspora investment, # of economic zones supported, # of investment fund prospectus available, # of potential investors identified.</p> <p>Indicators: # of investment mechanisms,</p> <p>Targets: - Piloting of the selected diaspora investment models completed and reported - Increased knowledge of the Relevant stakeholders about the opportunities of an investment fund - Min. two economic zones have increased capacities to attract investments from diaspora</p>	<p>2.2: Investment fund targeting the Kosovar diaspora in place and funded</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. Support to fundraising activities (of 2 project staff members), outreach and promotion to potential diaspora investors in five (5) diaspora residing countries</p> <p>2.1.3. Organize workshops for relevant Kosovo Institutions and municipal authorities staff that facilitate migrants' investments in Kosovo</p> <p>2.1.4. Promotion of economic zones website among diaspora (of 2 project staff members), outreach and promotion to potential diaspora investors in five (5) diaspora residing countries</p>
<p>Output 3: The capacities of remittance recipients, diaspora business networks and Kosovar authorities to increase the positive impact of migration on the socio-economic environment of Kosovo strengthened</p> <p>Baseline: Few trade links between Kosovar producers and diaspora, Low penetration of Kosovar products in European markets evidenced by the low percentage of exports vis-à-vis GDP (18.8% in 2012), no sustainable mechanisms to improve livelihoods of remittance recipient families</p> <p>Indicators: # of members of diaspora business networks, # of contracts signed between local producers and diaspora businesses, # of businesses supported or established with diaspora investments,</p> <p>Targets: Min. 20 B2B contacts between Kosovar producers and diaspora retail businesses created - market assessment for Kosovar products in main diaspora countries available - min. 15 businesses supported with grants or skills development, of which 7 owned or managed by women</p>	<p>Activity Results:</p> <p>3.1: Kosovar producers have established links with diaspora businesses abroad, and local Kosovar products are available to the primary diaspora communities</p> <p>3.2: Sustainable mechanisms to improve livelihoods of remittance recipient families and remittance receiving communities (support to micro- and SMEs and skills development) established and supported</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 and support the coordination efforts and implementation of MAFRD, MTI/KIESA, and MoD outreach initiatives to both individuals and business in the diaspora for promoting domestic products (by 2 project staff members) in at least five (5) diaspora residing countries;</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 during the reporting period, the programme foresaw intervention through key methods outlined below:

DEED – Output 1

The capacities of Kosovo authorities to implement the National Strategy for Diaspora 2013-2018 strengthened

The diaspora registry, developed and promoted in 2014, has been assessed in terms of its effectiveness and efficiency, as a result of which and based on the lessons learned, a clear and detailed action plan is produced to improve and facilitate the process of the Diaspora Registry. This action plan is part of the key interventions in the Roadmap for the Diaspora Strategy developed in 2015. The registration campaign, designed and implemented based on the Roadmap, surpassed expectations and proved to be key to making another big step towards completing a fully inclusive and comprehensive database of the diaspora. As a result of the massive and comprehensive campaign the registration rate of the diaspora is increased by 580%. The campaign involved utilization of different media such as TV, online news portals, printed material such as booklets, pens, billboards, posters marked by the central theme “*Ti je pjesë e atdheut,*” (you are part of the homeland), thereby signifying the central aim of the diaspora registry to further incorporate Kosovo’s diaspora as essential actors in development and decision making. The registration process was available online and through physical forms, accessible at booths placed in the airport, throughout city centers across Kosovo, and at all borders.

The Diaspora Registry will be used to encourage partnerships between countries where compatriots live and Kosovo and between diaspora organizations and institutions. This registration will help in the efficient networking of businesses, youth, professionals, etc. Kosovans living abroad who visit Kosovo will have the opportunity to register in “mobile teams” which are moveable registration stands in various cities of Kosovo. In the words of The Minister of the MoD, “This project was initiated in order that the institutions of Kosovo provide more efficient services for compatriots, to develop better policies for Diaspora, to make it easier to disseminate information, to encourage participation and involvement of the Diaspora in socio-economic development, and to provide opportunities for the transfer of knowledge.”

In this respect, the Kosovo Diaspora Discussion Forum, "From a Concept to a Success: The Diaspora Virtual Registration," was held in London, England. The purpose of this forum was to further develop the Diaspora Registry internationally, and specifically target diaspora living in England. The purpose of the forum was to discuss the potential that this registry has, especially the development of the Diaspora Virtual Registration (DVR), which is an online medium through which diaspora members can register. The DVR allows the Kosovar diaspora to be mapped out across the world, thereby collecting data on the diaspora to allow for improved fact-based policy making done through a simple and efficient method on the webpage. The biggest success of this forum was the widespread visibility that it received through all forms of media and news portals, thereby further promoting the registry internationally.

In order to promote diaspora investment and business networking, the Diaspora Success Stories Conference: “ExpoForum” was organised in June 2015 in Prishtina. The “ExpoForum” was both a forum that promoted

discussion between private sector businesses, potential diaspora investors, and high level officials from both Kosovo and Albania, as well as a fair that exposed the successful diaspora businesses that operate in Kosovo as a result of Diaspora Investment. The Expo Forum was an initiative of the DEED programme, which was responsible for its organization and technical coordination together with the Ministry of Diaspora (MoD) of Kosovo, Ministry of Trade and Industry (MTI) and the Ministry of Economic Development (MED). Apart from the ministers of the MoD, MTI and the MED, the conference was also attended by officials and the minister of the Ministry of Energy and Industry of Albania, the president of the Albkonfindustria NGO of Albania, the president of the Global Diaspora Business Union, as well as the Deputy Resident Representative of UNDP.

During the reporting period, the Global Diaspora Business Union marked the second year of functioning since its establishment by organizing high level conferences in Tirana and Prishtina during mid-May of 2015. The participants of the conference included diaspora businesses, officials of the ministries (MoD, MED, KIESA), representatives of a number of embassies in Kosovo, representatives of Chambers of Commerce (Kosovo, American, German), mayors of municipalities, and also officials of the Prime Minister's office of Kosovo and Albania. These conferences focused on the progress of the Union's work, and its strategic plans to further engage in Kosovo's development; while they also allowed the diaspora businesses to express the difficulties and the issues that they are facing. The Business Union suggested changes in structures and policies to facilitate the process of investment and to simplify bureaucratic procedures.

The fact that organizing the conference was an initiative undertaken by the Union itself shows sustainability of project results. While the DEED programme did provide technical and logistical support, the initiative itself was first taken by the Union, and the majority of the organization and funding was done by the private businesses that the Union is composed of. This shows that the Global Diaspora Business Union is now becoming an independent entity, and will require little or no support for its continued engagement thus highlighting its potential to be used as a tool of development for Kosovo which has the potential to influence agenda setting and policy making. Apart from the conferences held with high governmental officials and representatives, the event also provided opportunities for B2B networking with successful diaspora businesses in Kosovo. These businesses presented their success stories of investing in Kosovo, thereby contributing to developing the economic conditions in Kosovo. During the B2Bs a number of tangible projects and investment proposals which the Union could provide funding for were presented, and opportunities to negotiate potential business deals, business ideas, contacts and partnerships was provided.

In order to promote domestic products abroad the DEED programme became a part of a conglomerate of organizations to form synergies and managed to promote Kosovar food products in the "Anuga" food fair in Cologne, Germany. "ANUGA" is the world's leading food fair for the retail trade and the food service and catering market, and presents an excellent opportunity to promote Kosovar products and create the potential of export for Kosovo. The event provided a great opportunity for Kosovar produce to find new niche in a wider market than just Western Balkans. The activity was implemented by the DEED programme jointly with USAID, Swisscontact, MTI, and KIESA, and thereby maximized the potential impact. The final results were largely successful in that they provided large scale promotion of Kosovar businesses and products abroad but also lead to new business partnerships and export possibilities. One of such newly created business partnerships was seen between a local dried fruit producer and a German business who now wishes to import the dried fruit to Germany while two other contractual agreements were reached, also to export mainly in Europe. The contracts reached between these companies, although currently amounts to small scale export opportunity for Kosovo as a whole, it represents a great potential for similar partnerships to be created which would further increase the overall export capabilities of Kosovo and its economy.

The Diaspora Business Union was also further expanded with the establishment of the diaspora business networks in Turkey, Sweden and Norway. This was done through a number of meetings and conferences in those countries between Kosovar diaspora businessmen/businesswomen and officials from Kosovar institutions. The meetings and conferences brought together the Kosovar diaspora residing in three countries and provided the basis for an informative and well-developed debates and discussions. The three business

networks were established, adding new members to the Business Union as the overarching umbrella organization of these business networks. This marks yet another step forward towards the complete interconnectivity of diaspora businesses and the final goal of channeling their combined efforts and potential investments.

DEED – Output 2

Relevant stakeholder’s capacities to facilitate migrants’ investments in Kosovo increased.

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 studies¹ conducted last year.

Firstly the initial Kosovo Diaspora Investment Fund has been legally and formally established during the second half of September in 2014. 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, through potential diaspora investors. Upon establishment of the KDIF, 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. Whereas an investment prospectus was created and presented to the business audience and diaspora entrepreneurs. Although, potential diaspora investors were identified in the US and Europe (Germany and Austria) the Investment Fund as a major investment opportunity and investment mechanism established in Luxembourg by the DEED project, was set to be taken over by the German Diaspora Business Network and have its’ investment capital funds increased up to 5 Mil Euros until the end of 2016.

The Kosovo Institution’s Programme for 2015 -2018 gives special attention to “Functioning of Free Trade Zones”, stating that in the next four years the government will take “all necessary steps in order to functionalize the free economic zones in Drenas, Gjakova, Rahovec, Mitrovica, Prizren and other municipalities that will express interest in the implementation of such concept for new investment for domestic and foreign companies.” The government programme in this manner correspond the activities that DEED programme has actively pushed since its inception. The specific economic zones were established in the municipalities that have been target municipalities for the DEED programme. One of the main objective of the DEED programme has also been to ensure the cooperation of diaspora, thus to set a quota for investments originating from diaspora.

The fact that government included the establishments of economic zones, and the inclusion of diaspora investment as a quota when investments in these zones are made, in the Government Programme indicated that a DEED programme has been successful in influencing Government agenda-setting and policy making to help attract potential inclusion of the diaspora. Towards this same objective of establishing fully functional economic zones in Kosovo, the representatives of the DEED programme, along with officials and the minister of Diaspora, met in Istanbul and in Bursa with diaspora businesses with the aim of establishing the diaspora business network in Turkey. Meetings in Turkey were successful as business expressed strong interests in helping in facilitating development in Kosovo and the diaspora business network in Turkey was established.

DEED – Output 3

¹ To read the full recommendations of the feasibility studies, visit the DEED webpage here: <http://deed-ks.org/index.php/reports>

The capacities of remittance recipients, diaspora business networks and Kosovar authorities to increase the positive impact of migration on the socio-economic environment of Kosovo strengthened

The DEED programme has continued its efforts to promote diaspora investments through remittances under its Grant Scheme activity, implemented jointly with the Association of Regional Development Agencies (ARDA) in Kosovo. The grant scheme is dedicated for new and existing businesses with the best business proposals and requires 50% co-funding from the diaspora. The main objective of this initiative was to encourage, especially women-led remittance-receiving households/start-up entrepreneurs and existing businesses to create or expand their entrepreneurial activities by developing a business plan and operationalizing a small business with seed money of maximum 5,000 EUR in a form of small grants.

This initiative, tailored for remittance-receiving households, and small and micro businesses, aims to directly engage the diaspora in the economic development in Kosovo, by shifting the destination of remittances from consumption to investment. During the two years period, in partnership with ARDAs in the East, West, North, South and recently Center of Kosovo, DEED has organized and completed in total five (5) small grant programmes (the last one in 2015) and conducted a complementary 3-day business training which supported entrepreneurship initiatives, with a particular focus on women-led remittance-receiving households. With the last round in 2015, this activity contributed to employment of additional 20 Kosovars (out of which 47% were women and 11% non-majority communities) through 11 private enterprises having received grants amounting over 75,000 EUR of joint diaspora investments in Kosovo, out of which only 30,000 EUR were disbursed by the DEED programme itself.

In order to further contribute to enhanced employability and better informed labour market policy design, the DEED programme and the Active Labor Market Programme (ALMP), took the initiative to conduct an employer survey to identify in greater details the skills gaps in selected economic sectors in Kosovo, identified as sectors with growth potential.

The survey entailed thorough interviews with more than 590 private companies in the 6 economic sectors: wood processing, food processing and packaging, tourism, textile, IT-BPO (Business Process Outsourcing and Customer Support Centers), and metal processing. Specialized questions that were developed for each of the identified sectors, and the data collected shall be further analyzed in order to capture the skills gaps and come up with recommendations in addressing the same. This survey will, among other purposes, be used as a base for skills transfer from the diaspora in order to fulfill the skills gaps in Kosovo's labor market. The findings can be used to provide specialized and needs oriented trainings for those specific skills and occupations, increasing the training impact on enhanced employability. The potential diaspora professionals in these occupations may be utilized to contribute to skills development in Kosovo and abroad, as vital resource for skills transfer. The diaspora has been found to be prosperous in these sectors and their experience, know-how, and also their knowledge and connection with their homeland has the potential to provide a cost-effective and important resource to be utilized to fill the remaining skill gaps, beyond these 6 economic sectors.

DELAYS, CHALLENGES

Political factors and political instability have had a direct impact in the full implementation of the set and planned activities of the project within the timeline. A change in the governing coalition led to new ministers taking over the leadership of both main ministry counterparts, MoD and MTI. New leadership often means a new vision and/or direction for the ministries. The project being aligned to the National Strategy on Migrants and Diaspora 2013 - 2018, and its action plan, is one of the biggest reasons that the project managed to continue its activities during the reporting period. However, building relations with the new ministry leaders and their cabinets, required additional time and efforts which delayed the implementation of certain project activities.

As a result of the political instability and new formation of the institution leadership, lead to the delays in establishing the high level committee, responsible to oversee the implementation of the National Strategy on Migrants and Diaspora 2013-2018, which directly influenced the planned DEED efforts to support the development of the related Monitoring & Evaluation System. Similarly, in relation to human resources such as the Municipal Diaspora Liaison Officers, due to the shift in Kosovo institutions' priorities are still not in place, delaying the capacity building component to 2016.

While certain delays were incurred, the project was still able to mitigate major negative impact in the project implementation by working closely with the new management of the MoD. Positive progress is already seen during the second half of 2015, improvement in both, human resources management as well as a clearer vision and set objectives, though with a lower MoD available budget than a year ago.

In addition to political factors as major reasons for project setback, challenges were faced with the Kosovo Diaspora Investment Fund and its overtaking by Diaspora Business Networks. As a result of the DEED efforts, through several promotion activities, the German Diaspora Business Network, expressed interest and committed to take over the KDIF. However, during October of 2015, the Diaspora Business Network in Germany, had their internal elections for the new Board of the Diaspora and as a result, DEED was informed that such interest or commitment to take over the KDIF is no longer a priority to the new Business Network Leadership.

In the end of October, the Diaspora Business Network leadership in Germany elected the new President and 4 other new board members. After the first meeting held in December, they reviewed the annual work and the progress during 2014 and 2015, whereas they decided to change their approach toward the potential investments in Kosovo. One of this changes was, to withdraw form their commitment made in summer of 2015 to take over the KDIF as previously planned. This unfortunate decision was made, due to the firm decisiveness of the members of the board to try and rather use direct mechanisms of investments in Kosovo. However, DEED is making continuous efforts to promote the fund, and potentially raise interest from other Diaspora Business Networks to take over the fund.

LESSONS LEARNED & BEST PRACTICES

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.

The efforts and support through DEED and the MoD's and MTI's commitment in engaging diaspora in policy making and economic development throughout the past recent years, has resulted in increased interest in 2015 from the diaspora entrepreneurs, especially the diaspora business network members, in further

developing mutual cooperation of diaspora businesses abroad as well as establish and strengthen ties and cooperation with their counterparts in Kosovo. Contrary to previous years where piloting and capacity building was a crucial part of DEED, 2015 was marked with direct investments from diaspora, a significant increase in diaspora registration, and a great interest of other organization, local and international to invest in diaspora engagement, support the MoD in their efforts and thus synergize with some of the DEED interventions. 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.

Several success stories are elaborated below (Please see page 15) as best practices that can work by applying effective and efficient approaches of engaging diaspora, ensuring that the members of diaspora become actively engaged in the economic and social development of Kosovo long after our support has ceased.

The Scandinavian Business Network established during the last quarter of 2015 is another success story. The members of Swedish business networks have joined forces to open call centres in Kosovo serving the Scandinavian speaking clients. The main idea of the business, is to employ stay at home mothers from the comfort of their home by installing the necessary technical gadgets to answers to client demands from home. The Swedish Business Network is currently in the process of training fifty individuals which will be employed in 2016, furthermore, they plan to train and employ an additional 50 individuals, mostly women working from home in 2017.

In line with DEED's objectives, this undertaking, tailored for remittance-receiving households, and small and micro businesses, aims to directly engage the diaspora in the economic development in Kosovo. During the two years period, in partnership with ARDAs in the East, West, North, South and recently Center of Kosovo, DEED has organized and completed in total five (5) small grant programmes (the last one in 2015) and conducted a complementary 3-day business training which supported entrepreneurship initiatives, with a particular focus on women-led remittance-receiving households. The grant scheme proved that diaspora contributions can also serve small, family run businesses by channelling the remittances in investments instead of consumption. The grant scheme selected the best business proposals and required 50% co-funding form the diaspora, the 50% co-funding was surpassed. This contributed to employment of at least 85 Kosovars (out of which 47% were women and 37% non-majority communities) through 37 private enterprises having received grants amounting to over 175,000 EUR of joint diaspora investments in Kosovo, out of which only 87,000 EUR were disbursed by the DEED project itself. With the last round in 2015, this activity contributed to employment of additional 20 Kosovars (out of which 46% were women and 11% non-majority communities) through 11 private enterprises having received grants amounting over 75,000 EUR of joint diaspora investments in Kosovo, out of which only 30,000 EUR were disbursed by the DEED programme itself.

More so, the DEED programme 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 programme 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 Albania and Nepal.

In short, once initiated, organized and supported by facilitating the process of differed initiatives, the members of diaspora do not inactively wait for new opportunities but instead open new doors for themselves

and their compatriots. The crucial part of the success stories above and other stories elaborated in more detail in the narrative above, remains facilitation, DEED has managed to facilitate all of the above and more. Above are only a few examples of this reality, however, many members of the diaspora business associations noted that without DEED and MoD bringing together, and introducing diaspora businesses, collaboration would have not been possible. In summary, DEED learned that it is important to balance support in such a way that stimulates the growth of such initiatives while at the same time leaving space for the members of diaspora to take them in new and interesting directions which could benefit Kosovo in unexpected ways.

CROSS-CUTTING ISSUES

The DEED programme continues to make efforts in tackling **gender** issues throughout the implementation of project activities. However, challenges still remain especially related to participation of women representing MTI, MoD, KIESA, Municipalities, and different institutions in workshops or trainings with which DEED cooperates, due to the gender imbalances, especially among the decision making positions in local and central institutions.

According to the latest published Labour Force Survey² 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 men³. 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 not active in the labour force, the rates being very high in Kosovo, compared to the region and beyond. Throughout the project lifetime, the gender mainstreaming in all project interventions has remained one of the DEED main objectives. As a result of these efforts made, positive results are achieved in this regard during the reporting period.

The issue of gender balance and provision of equal opportunities has been prominent within the project's work with the establishment of diaspora business associations as well. As the project team has promoted equal representation of women and men within the networks. Furthermore, 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. One of the results of such effort is the four women presidents of the business associations established. In addition, the small matching grants scheme under Output 3 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. 37% of beneficiaries of the grant matching scheme are women. 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.

The DEED programme 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 and introducing 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.

Capacity development remains one of the essential aims of the DEED programme and affects many aspects of the project implementation. The MoD had very little experience developing inter-ministerial strategies before the project provided technical assistance. The MoD needs further support to strengthen their technical

² The Labor Force Survey (LFS) 2013 has been published with the support of the Ministry for Foreign Affairs of Finland through the UNDPs project on Active Labor Market Programmes

³ Employment rate: men 44%, women 12.9% (LFS 2013)

capacities 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 during 2013; 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 NSMD, but also when other policy or legislative acts related to diaspora needed to be developed, amended and supplemented with inputs from the diaspora, thus enhancing governance skills and developing sustainable professional capacities of relevant MoD professionals. In addition, the project has and will continue to support the MoD (i.e. by developing the M&E system for the oversight of the NSMD) as well 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.

ii) Indicator Based Performance Assessment:

	<u>Achieved Indicator Targets</u>	Reasons for Variance with Planned Target (if any)	Source of Verification
DEED 2			
By 2015, vulnerable women and men (returnees, IDP, minority groups, PWD, youth) have more economic and livelihood opportunities, and benefit from better public and social services			
Output 1			
The capacities of Kosovo authorities to implement the National Strategy for Diaspora 2013-2018 strengthened			
Indicator 1.1: Existence of a diaspora registry; Baseline: 0 Planned Target: 1	Fully Achieved	The Diaspora Registry exists yet the Activity will continue to be implemented through 2016 as planned under the AWP	MOD
Indicator 1.2: % of MoD staff within targeted departments reporting that they are satisfied with support provided Baseline: 050% Planned Target: 100% (2015)	Partially Achieved	Activity will be implemented through 2016 as planned under the AWP	MOD Municipalities
Indicator 1.3: # of functioning diaspora business networks; Baseline: 20 Planned Target: 2 additional DBN established in 2015	Fully Achieved	Three DBN established in 2015. Activity ongoing through 2016 with three additional networks to be established as per the AWP	MOD MTI / KIESA
Output 2			
Relevant stakeholder's capacities to facilitate migrants' investments in Kosovo increased.			
Indicator 2.2: # of economic zones supported; Baseline: 3 Planned Target: 3	Partially Achieved	Activity ongoing through 2016 due to change in legislation on tax policies and investment priorities by the Kosovo Institutions during 2015	MTI/KIESA, Municipalities
Indicator 2.3: # of investment fund prospectus available; Baseline: 0 Planned Target: 1	Fully Achieved	Developed and promoted during 2015	Attached as Annex 2
Indicator 2.4: # of potential investors identified. Baseline: 2500 + Diaspora Business Union members Planned Target: Additional 15 men, 5 women,	Fully Achieved	Activity ongoing also through 2016 as the DEED efforts will continue to attract additional diaspora investors and create new employment opportunities	GUDBN, KIESA

Output 3

The capacities of remittance recipients, diaspora business networks and Kosovar authorities to increase the positive impact of migration on the socio-economic environment of Kosovo strengthened

<p>Indicator 3.1: # of members of diaspora business networks Baseline: 2500 + Planned Target: Additional 60 members joined DBNs</p>	<p>Fully Achieved</p>	<p>DEED has established three (3) additional diaspora Business Networks, with each initially having not less than 20 members</p>	<p>Reports by MoD; MTI and the Global Diaspora Business Union</p>
<p>Indicator 3.2: # of contracts signed between local producers and diaspora businesses Baseline: 0 Planned Target:3</p>	<p>Fully Achieved</p>	<p>Three business contracts between local producers and diaspora businesses signed and are being implemented.</p>	<p>Reports by MoD; MTI and the Global Diaspora Business Union</p>
<p>Indicator 3.3: # of businesses supported or established with diaspora investments Baseline: 60 Planned Target: Additional 15 business in 2015</p>	<p>Fully Achieved - Exceeded</p>	<p>DEED has supported or established with diaspora investments an additional 14 new businesses in Kosovo.</p>	<p>ARDA, KIESA and DEED Reports</p>

ii) Success Stories

Diaspora Investment Leads to Opening of Textile Factory in Ferizaj

Over the reporting period, the official opening of a new textile factory in Ferizaj occurred as a result of a diaspora investment. Corresponding to one of the DEED project's main objectives, to facilitate new investments in Kosovo; this investment was made possible due to the work done by the Department of Investment Promotion within the MoD together with the DEED project. The partnership between the MoD and DEED provided logistical and financial support for the many networking events abroad connecting the owner of "Eurofol-Kunststoffe Group GmbH" to Ministry Officials. This connection then allowed for the company to invest in Kosovo and open the textile factory in Ferizaj, which will create luxury seat covers for stadiums around Europe.

The opening of the factory was attended by the Minister of Diaspora, Mr. Valon Murati, the president of the USA Business Network, Mr. Elmi Berisha and a representative of the German Business Network, Mr. Mustafa Abazi. Both Business Networks were established by the DEED project in coordination with the MoD, and they represent the facilitation of such investments in Kosovo.

Diaspora Investor Opens Wood Processing Factory in Vrelle

Another success story is seen in the form of investment from the Kosovo diaspora. Over the reporting period, the opening ceremony of the newly constructed wood processing plant in Vrellë, in the municipality of Istog, was held.

The opening of this wood processing plant was made possible by Mr. Gani Dreshaj, owner of Sinalco Kosovo and now owner of the "Getrinke Vrella SH.P.K" Enterprise. The inauguration of this factory also marks the employment of 50 individuals initially, and the successful cooperation with the Ministry of Diaspora, namely the Department of Investment Promotion, which are one of the main partners of the DEED project and which facilitated and allowed this process to be completed with ease. It is also worth mentioning that Mr. Gani Dreshaj has also contributed to the employment 80 individuals in Istog with the Sinalco Kosovo factory. This success also marks the massive potential that our diaspora has to develop Kosovo and promote employment with minimal assistance.

Diaspora Businessmen in Vienna Join Forces

For the first time, Diaspora Businesses in Vienna joined forces to autonomously create an apartment complex. The entire project, from proposal to implementation, was done by diaspora businessmen, and over 100 diaspora members were involved in the process. The project was initialized by Naim Rugova, who worked to bring together diaspora businesses to oversee the idea of implementing an entire project with diaspora businesses.

This project further marks the potential success that the diaspora business networks, which are spread around the world, can have. Naim Rugova, who himself is a member of the diaspora business network in Vienna, used the network as a method of bringing together the diaspora businesses in the region to complete the project. The large investments and the amount of work that was put into the project thereby is a physical representation of the potential of this network. Further cooperation between the businesses is planned over the next year, and this will include projects which incorporate Kosovo and work towards sustainable investments made for the development of the nation.

IV. PROGRAMATIC REVISIONS

There has not been any major programmatic revisions or adjustments made to the outcome/outputs of the project. The only revision to be taken into consideration is the project implementation timeline, due to the political factors, political instability and the time and efforts that the DEED programme needed to re-establish strong cooperation with the new management of MoD and MTI as main project partners. The activities postponed for 2016 are outlined in the “*Indicator Based Performance Assessment*” section of this report.