



## **Peer Review Report on Self-Employment Programme**

### **Kosovo\* Self-Employment Programme (SEP)**

**Prepared for  
Regional Cooperation Council Secretariat**

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\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

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## List of abbreviations and acronyms

ALMP	Active Labour Market Programmes
BiH	Bosnia and Herzegovina
CSO	Civil Society Organisations
DV	Domestic Violence
EOs	Employment Offices
ILO	International Labour Organization
LTU	Long-term Unemployed
MLSW	Ministry of Labour and Social Welfare
MTI	Ministry of Trade and Industry
NGO	Non-governmental Organisation
OECD	Organisation for Economic Cooperation and Development
OM	Operational Manual
PES	Public Employment Service
RCC	Regional Cooperation Council
SA	Social Assistance
SEP	Self-Employment Programme
SIYB	Start and Improve Your Business
UNDP	United Nations Development Programme
VTC	Vocational Training Centres
UNDP	United Nations Development Programme
WB	Western Balkans

## 1. Introduction

The Regional Cooperation Council (RCC) is managing mutual learning activities among Western Balkans (WB) institutions responsible for designing and implementing employment and labour market policies. The objective of the mutual learning activities is to enable knowledge sharing, capacity building and the transfer of good practices among peer institutions. The selected peer review topic in Kosovo\* is the Self-Employment Programme (hereafter SEP) which is implemented by the Ministry of Labour and Social Welfare (MLSW) and the newly established Employment Agency.

The SEP is designed by MLSW in 2015 to provide the unemployed with knowledge, skills and competences as well as an initial capital to start their own business or to become self-employed. The programme is offered to generate employment for those that are registered as unemployed with the Employment Offices. The key measures of the Programme include (i) training in basic business management skills, preparation of a sound and viable business plan, (ii) financial support (through provision of grants) to start a business, and (iii) mentoring and consultancy services for those that open their businesses.

This peer review report will focus on capturing good practices and lessons learned from SEP's key components (entrepreneurship training, access to finance, coaching & mentoring services), in order to facilitate learning, discussion and capacity building among peer institutions dealing with similar programmes and policies. In addition to the core measures of the self-employment programme, this peer review exercise will also look at the promotional activities and recruitment/admission process of candidates into the programme to identify good practices and lessons learned. The exchange of experience on promotional activities can be specifically important to understand how Public Employment Services (PES) are attempting to reach out disadvantaged groups and encourage them to be part of the programme. On the other hand, admission criteria and awarding processes as documented by many papers can be decisive in influencing the success of the programme.

Section two outlines the methodology utilised during preparation of this report while section three provides some brief information about self-employment programmes in Kosovo\*. Section four outlines the approach used for promotion and admission procedures of the candidate into the programme. Section five is dedicated to core components of the programme (training on business management skills, financial support and coaching & mentorship services) while section six is about monitoring and evaluation practices and results achieved. Last but not least, good practices lessons learned and challenges encountered during implementation of this programme which is the main objective of the peer review exercise will be captured and presented in two forms (i) separately for each component and section of the report (i.e. separately for promotion, admission process, entrepreneurship training etc) and (ii) as a separate section which tries to capture major factors and characteristics of the programme that influence the overall success of the programme. Presenting this way good practises and lesson learned will add further the value for peer review exercise and facilitate

better discussion and learning experiences and capacity building among institutions that will participate.

## 2. Methodology

The report is produced following the desk review and in-depth interviews with beneficiaries of Kosovo\* SEP as well as with representatives of central and local level institutions and other stakeholders that were engaged in the Programme design and implementation. As part of the desk review, many local background documents such as the Operational Manual for the SEP drafted by MLSW and programme related reports were carefully reviewed. Furthermore, many international knowledge-building and mutual learning reports on self-employment programmes that were prepared in the EU - mostly in co-operation with the OECD<sup>†</sup> were reviewed in order to gain insights about subjects to be analysed as part of the content of the peer review reports. Attempts were made to mainstream issues related to the inclusion of Roma through each component by covering practices for engaging Roma beneficiaries into the Programme as well as by assessing the implications of key design features of the Programme for them. The same approach is being utilised for other disadvantaged groups where data was available.<sup>‡</sup>

## 3. General description of the Kosovo\* Self-Employment Programme

In 2015, with financial and technical support from UNDP and the Ministry for Foreign Affairs of Finland, MLSW launched the Self-Employment Programme (SEP). The main objective of the SEP is to provide opportunities to the registered unemployed to start a business activity and generate income. The programme was open to all unemployed registered with Employment Offices at the time of application. However, certain groups such as the long-term unemployed, women, youth and ethnic minorities are given greater priority by providing additional points during the application and admission process compared to other groups.

Difficult labour market conditions were the key reason for the design of this Programme. Low employment rates (about 28% in 2016) and high unemployment rates (about 27% in 2016) as well as long-term nature of the unemployment (66.5% unemployed more than 12 months) is one of the key features of the labour market in Kosovo\*. These labour market conditions highlighted the need for implementing different active labour market measures, whose principle aim was not only the provision of skills and opportunities for employment, but also creating direct occasions for employment through self-employment and business creation.

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<sup>†</sup> Some of these reports are: Inclusive Business Creation - Good Practice Compendium; Policy Brief on Sustaining Self-employment - Entrepreneurial Activities in Europe; Policy Brief on Youth Entrepreneurship, European Employment Observatory Review: Self-employment in Europe 2010

<sup>‡</sup> The “disadvantaged groups” notion is proposed to include long term unemployed (more than 12 months); youth, women survivors of gender based violence; beneficiaries of social assistance; single parents; people with disabilities; ethnic minority groups.

This programme is implemented through a competitive process in order to obtain the highest possible return on investment and success rate throughout the implementation of the Programme. The selection of best business plans to support takes place in three phases. First, the registered unemployed persons present their business ideas and submit their applications to the Employment Offices in their municipalities. Applicants with the best business idea then are invited to attend the "Start and Improve Your Business" entrepreneurship training programme at their closest 'Vocational Training Centre' managed by MLSW. Applicants who are successful in this training are then invited to submit their (more elaborate) business plans. The most successful candidates in business plan assessment receive an initial capital (grant) between 3,000 - 6,000 euro as well as 12 months of business consultancy support service. Candidates are also requested to register their business with the Kosovo\* Business Registration Agency.

Thus, key measures of the SEP include provision of (i) training in basic business management skills, preparation of a sound and viable business plan, (ii) financial support (through provision of grants) to start the business, and (iii) business services for the unemployed through coaching and mentoring for establishment and running their businesses. The MLSW prepared comprehensive Operational Manual (OM) to facilitate the coherent implementation of the Programme which contains detailed procedures, required forms, and instructions. The programme was implemented using the operational guidelines which are also attached as annex to this report.

The SEP in 2015 was implemented in surrounding municipalities of Prizren, Prishtina, Gjilan, while in 2016, in surround municipalities of Mitrovica covering in total of 21 municipalities within Kosovo\* for these two years. In contrast, the Programme during 2017 is open to all municipalities in Kosovo\*. During 2015-2017 period, about 750,000 euro was dedicated for this Programme (yearly about 250,000 euro) out of which 600,000 euro (yearly about 200,000) was allocated for grants. Out of the total amount of funds dedicated to SEP during 2015 and 2016, 22 percent was financed by MLSW and 78 percent by the Ministry for Foreign Affairs of Finland.

## 4. Promotion and admission process of candidates into the Programme

### 4.1. Promotion of Programme

Promotional activities implemented: A two to four-week information campaign is carried out prior to the deadline for the submission of business ideas in the Employment Offices. During this period, the MLSW through EOs made a public announcement and disseminated information about the entire application process and eligibility criteria. MLSW organised a launching event of the Programme, attended by various stakeholder and media. Moreover, the public announcement of the Programme was made on the websites of MLSW, on the bulletin boards in the Employment Offices and VTCs and on other local institutions (municipality administration, NGOs and other high-traffic areas) as well as in daily newspapers. In addition, during the promotion phase, information meetings are organised in each target municipality to convey the necessary information to all interested people. The information sessions that are organised in each target municipality are also announced in newspapers, web sites, media and any other relevant means beforehand. The programme developed and utilised user-friendly leaflets and infographics, showing the entire application and award process during these events. The SEP had a dedicated budget of up to 10,000 euro for promotional activities (i.e. designing

and printing leaflets, infographics, poster, organization of info sessions, advertisement in newspapers etc.).

Promotional activities for inclusion of disadvantaged groups including Roma: In order to reach out to more vulnerable groups the EOs organised meetings and specific information sessions with those that otherwise have limited access to formal channels of communication. For example, in order to reach out to beneficiaries from rural areas the Programme organised information sessions in various villages. Similarly, in order to reach out to women participants and communities from Roma, Ashkali and Egyptians, the Programme organised specific information sessions in collaboration with NGOs promoting women's rights and rights of Roma, Ashkali and Egyptians (such as Kosovo\* Women Network or Balkans Sunflowers) and in locations where these groups are concentrated more heavily.

#### Good practices, lessons learned and key challenges encountered:

SEP found that there is a direct relationship between the extent of promotional activities implemented and the number of applications received. In 2016, SEP organised more extensive information sessions including those in rural areas involving direct contacts and in-depth presentation and descriptions about the process with potential beneficiaries. The second important lesson is that for promotional activities, apart from the extent of promotional activities, their range too is also important. According to the online survey organised by the SEP, women beneficiaries were more likely to have heard about the SEP from friends or social media, whereas the majority of men heard about SEP from the employment office and information sessions. Mobilising partnerships at the local level with municipalities, and with credible NGOs especially with those promoting rights of vulnerable groups was also identified as good practice. Municipalities were involved in distributing leaflets while NGOs were involved in distributing information about the programme as well as assisting disadvantaged groups in filling out the application forms. The programme has received significant applications from women compared to their participation rates in the labour market (the share of women during business idea application process was 38% while labour market participation rate for women in Kosovo\* is around 18-20%) and SEP considers that this is achieved through local level partnerships. One of the lesson learned identified by the SEP was to use more extensively the resources of employment offices for providing coaching support to various potential beneficiaries during application process if needed by them during the promotional activities and until the end of deadline for applications.

## 4.2. Admission processes of candidates into the Programme

The admission criteria of candidates into the Programme: The SEP is open for all candidates that are registered as unemployed with the Employment Offices, at the time of application. Only registered unemployed who benefited from another active labour market measure during the previous 12 calendar months and have registered businesses in Kosovo\* Business Registration Agency are not eligible to be part of the Programme. Similarly, almost all types of business ideas are eligible for the Programme.<sup>§</sup> However, the Programme has given relative priority to sectors selected by the Ministry

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<sup>§</sup> Type of businesses that are not eligible for the Programme are: all kind of activities within primary agriculture or livestock sector (since there is a grant programme managed by the Ministry of Agriculture), real estate operations, chattel leasing, financial and insurance operations and operations involving gambling; production of beverages of high alcohol content and spirits; production of tobacco products; production and distribution of weapons.

of Trade and Industry (MTI) as sectors with significant potential for economic growth in Kosovo\*,\*\* by providing additional points during application and admission process. The application to the Kosovo\* SEP is done through the “Business Idea Application” form (Annex 3 of the Operational Manual that is attached to the report)<sup>††</sup> and these forms were uploaded online and also made available in hard copies in all respective Employment Offices.

Decision making process for admission of candidates into the Programme: The Business Idea Evaluation Panel (Panel) composed of four members is established to assess the Business Idea Applications. The composition of the Panel is as follows: one representative from the funding organisation, one from the Department of Labour and Employment/DLE (now Employment Agency) as chair, one representative from (regional) Employment Offices and Vocational Training Centres. The members of the Panel evaluate each application independently based on established criteria for each point and for each section of the application (for details please see Annex 7 of the Operational Manual). The individual scores of the members for each business idea are added and ranked from the highest scores to the lowest, and approved by the Business Idea Evaluation Panel. The programme provides additional five days for any complaints and completion of the final list. Participants approved by the Committee are invited to participate in the next intervention: training on basic business management skills.

Inclusion of disadvantaged groups including Roma: For greater inclusion of disadvantage groups the SEP gives additional points during assessment of business ideas for following groups: long term unemployed (more than 12 months), youth (18-29 years old), women; survivors of gender-based violence; beneficiaries of social assistance; single parents; people from rural areas; people with disabilities; ethnic minority groups. During the evaluation process of the business idea, applicants from these groups receive up to 10 points (out of 100 depending on the number of characteristics they fulfil)<sup>‡‡</sup> more than the other applicants.

Good practices, lessons learned and key challenges encountered: One of the lessons learned identified by the SEP is the ability to receive a high number of applications, to carefully review and choose the best proposals among many other alternatives. In 2016, SEP received six times more applications for business idea compared to those that received financial support and three times more applications from those that have been trained in business management skills. One of the challenges that SEP faced was the poor quality of business idea applications. Another related challenge was the lack of diversity of business idea applications. Many applications, especially those from small municipalities, were for the same business activity (for example tailor). Another important challenge was the lack of applications received from disadvantaged groups, especially from Roma, Ashkali and Egyptians. In 2016, only 2 out of 265 applications were submitted from this group. SEP thinks that to a large extent this is due to relatively complex business idea application which requires solid articulation of the business ideas, analysis of competitors and markets, risks, financial planning. Such an application process might be very difficult for vulnerable groups since they suffer from lower education

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\*\* Food processing and packaging industry, with a focus on meat processing; ICT along with Business Process Outsourcing and Customer Support Centres; metal processing industry; textile industry; construction; wood processing and forestry industry.

†† which looks very briefly on business idea, products and services to be offered, type of clients that will be offered, competitive advantage of the business, financing requirements and resources available to the business, risks that can impede the success of the business, reasons why they think their business will be successful and reasons why they think they deserve the grant.

‡‡ That means for example Roma, Ashkali and Egyptians women received more than Roma, Ashkali and Egyptians men and Roma, Ashkali and Egyptians women between 15-24 received more points than Roma, Ashkali and Egyptians women.



attainment levels and if there is no network of NGOs or experts that actively supports these groups during application process. . For this reason, as a lesson learned SEP identified the importance of expanding the support network of experts, NGOs, PES who will be assisting potential beneficiaries from this group during application process. For this purpose, PES might consider dedicating and enhancing the capacities of employment counsellors that would be responsible for supporting various potential beneficiaries. Alternatively, PES can consider entering in more extensive partnership arrangements including capacity building efforts with various NGOs that support disadvantaged groups or hiring business support service providers for specifically helping the disadvantaged groups in articulating their business ideas. In addition, there were also some stakeholders who probed whether members of the regional boards have adequate capability to assess the business ideas especially those parts that are highly technical such as products and services to be offered, market potential, competitive advantage of the business, financing requirements and risks that can impede the success of the business. Direct beneficiaries also questioned whether the business idea application forms are appropriate to those with limited education attainment and called for further simplification of the application forms.

## 5. Key interventions of the Programme

### 5.1. Entrepreneurship training

Technical description of the intervention/measure: Entrepreneurship training is one of the core measures implemented in SEP. Especially those groups that are typically clients of Public Employment Services (PES) have lower skill levels and less experience in business management, thus they are less likely to have well-developed entrepreneurship skills to effectively manage their businesses. Thus, the training focuses on boosting the business management skills of targeted groups. The entrepreneurship training in SEP is delivered based on ILO's Start and Improve Your Business (SIYB) Programme<sup>§§</sup> and offered by Vocational Training Centres that are administered by MLSW (and now the Employment Agency). The training includes technical subjects of starting and managing a business, such as business plan and marketing plan development, organisation, management and staffing issues, purchasing and logistics, costing the goods and services, financial planning and required capital as well as starting the business. The training course took place every working day for four class hours for about two weeks, in total of 40 hours. All participants in the training course received the necessary training materials at no cost by the VTC. The candidates were obliged to follow the programme entirely and pass the test in the end of the training (the passing score was 70%) in order to be eligible for the next phase (i.e. business planning).

Good practices, lessons learned and key challenges encountered: Obligatory attendance by the candidates and organising the final test in the end of the training is considered as good practices by the SEP. These two considerations according to SEP kept the candidates focused during the entire period of training. The content of the training programme was also identified as adequate. Despite these positive considerations, the two-week entrepreneurship training programme is considered too short especially when the clients of the training programme are unemployed and have lower skill levels and less experience in business management. Another important lesson learned identified by SEP is to have a low number of trainees (up to 10) in the training groups. Usually, trainers in SEP

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<sup>§§</sup> "Start Your Business Manual". ILO. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---ifp\\_seed/documents/instructionalmaterial/wcms\\_436201.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/instructionalmaterial/wcms_436201.pdf)

Kosovo\* had more than 20 trainees in a group. Large groups on the other hand limited the focus and dedication of the trainer for each individual participant. Furthermore, although most of the stakeholders appreciate the important role played by VTCs in the SEP, given also the short duration of the training, some stakeholders reported that technical capacities of trainers were uneven in equipping beneficiaries with adequate knowledge and skills and called for the engagement of best trainers during the training programme.

## 5.2. Access to Finance

Technical description of the financial incentives offered by the SEP: Since access to start-up financing is very often identified as one of the biggest barriers for establishment and initial operation of new businesses especially for those that are more disadvantaged such as young people, women, long-term unemployed, ethnic minorities who are also the main client groups of PES,\*\* SEP offers financial grants to ease the barrier and boost the potential for creation and survival of start-ups from these groups. All the beneficiaries interviewed reported the grant as the key factor that allowed them to initiate their business. The minimum and maximum amount of financial support given to applicant was from 3,000 up to 6,000 euro. Whereas the average amount granted to candidates was around 5,000 euro.

Application: All candidates that successfully pass the test on training course were requested to prepare and submit their business plans. Cohorts from 2016 were able to get assistance with their business plan formulation by external business development consultants during this period. The Programme has developed a standard format for the business plan (for details please see Annex 12 of the attached Operational Manual). The business plan format required much more detailed information compared to the business idea form. In addition to general information for the business, the business plan format required the provision of detailed information on market research, pricing, clients, distribution, promotion, marketing plan, the organisational structure of the business, staffing needs, available and required resources (land, buildings, machines, equipment and other inventories, necessary supplies and raw materials), necessary capital structure, production and sale forecasts, financial projections (i.e. cash flow projections) and the way the grant will be utilised.

Decision-making process for awarding the funds: Following the submission of business plans, they pass through ‘administrative and technical verification (Step 1)’. “The Commission for Administrative and Technical Verification” is formed and composed of two members: one from MLSW/DLE (now Employment Agency) and one from the financing organisation. This commission verifies whether all submitted business plans are completed according to the program criteria and business plan format. They also do field verification of all information submitted in the business plan. Subsequently, each business plan is evaluated by two independent experts (Step 2) without discussing his/her ratings with each other. The business plan evaluation is divided in two parts (i) Business Plan Viability Criteria (the maximum score is 80 points) which looks at financial viability; resources available for the business; familiarity with the respective type of business; the market assessment; and (ii) Business Plan Priority Criteria (the maximum score is 20 points) which looks whether business plan is submitted from priority groups, whether the business idea is unique and includes new products and services, uses energy saving solutions, provides co-financing etc (see Annex 16 of the Operational Manual). Furthermore, applicants were requested to present their business plan in front of the Committee for Business Plan Evaluation (Step 3) which is composed of three members – a

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\*\*\* reflecting in large part the relative lack of collateral assets, experience and credit history of these groups

representative from the MLSW/DLE (now Employment Agency), one from the Department of Industry at the MTI and one from the funding organisation. The Committee is chaired by a representative of the DLE. During the presentation of business plans, the Committee may request additional information from applicants. After the presentation of applicants and the assessment of individual consultants, the Business Plan Evaluation Committee ranks business plans according to the final scores in a descending order and approves the list of plans until the funds allocated for this Programme have been exhausted (Step 4). All members of the committee must agree with the final results and the approved list of business plans to be funded. After the official publication of the results, candidates were given the opportunity to file a written appeal with their respective EO within five working days of receiving the notice.

Inclusion of disadvantaged groups including Roma: Similar to business idea stage. for greater inclusion of disadvantage groups into the SEP, the programme gives additional 8 points (or 8%) for priority groups identified by the programme (such as long term unemployed more than 12 months, youth 18-29 years old, women; survivors of gender-based violence; beneficiaries of social assistance; single parents; people from rural areas; people with disabilities; ethnic minority groups) compared to other applicants.

Conditionality attached for disbursement of funds: The winning candidates sign the grant agreement between MLSW and the financing organisation, have to register a business with the Kosovo\* Business Registration Agency and open a business bank account. Eligible expenses that can be covered from the grant must be used for the implementation of the business plan and may include a wide range of expenses such as purchase of materials for refurbishment or adjustment of premises/buildings for the business; purchase of machinery, facilities and equipment as well as software and other intangible assets; pre-start purchase of raw materials and consumables; wages and salaries, and other specialised services needed (accounting, administration, IT etc.); promotion and advertising of the activities.<sup>†††</sup> On the other hand, there are also some non-eligible expenses that cannot be covered from the grant such as purchase of any vehicles for personal use; expenses made prior to concluding the grant contract etc. Transfers to the business bank account are made in tranches (usually in two tranches).

Good practices, lessons learned and key challenges encountered: Receiving external assistance during preparation of the business plans was highlighted as a good practice. The beneficiaries also highlighted the importance of keeping eligible expenses wide and especially for allowing to purchase inputs and raw materials. The usual financial disbursement of two parts was identified as an impediment during grant execution since some of the investments required delivery of the entire sum in one tranche. The stakeholders also regarded site visit and field verification of all information submitted in the business plan as a good practice because they had a chance to verify the location and the existing assets of the candidates. External assessment of business plans was also considered as good practice since they are considered to be more capable to objectively verify the viability and bankability of the business plans. Stakeholders also appraised the way in which financial grant was disbursed and executed. In the past, in other similar projects there have been issues around the purchase of equipment, either because the purchase of such equipment was centralised, resulting in

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<sup>†††</sup> Although there were certain restrictions for the eligible expenses such as up to 30% of the grant can be used for the refurbishment of premises; purchase of raw materials can be covered only once, as one time purchase of initial stock or wages and salaries for the employees may be covered for up to six months after starting the business based on the average wage in Kosovo (the other part of the wage should be covered by the business itself) etc.

delays, or a grant has been given to a beneficiary and no equipment was purchased. Close monitoring in SEP in the first six months actually followed grantees whether the purchase of equipment occurred or raw material was ordered. If yes, SEP subsequently approved the grant and processed to business account of respective beneficiaries and allowed the purchase to be finalised. Thus, one of the advantages of the SEP argued by many stakeholders was the efficiency of the grant execution process since grant can be accessed quickly and in the most important time.

Moreover, although many of the steps about the business plan assessment process were regarded as good practice (such as provision of external support during business plan preparation process and assessment of the business plans by external experts, organisation of site visits by the Commission for Administrative and Technical Verification etc), all the steps were actually conducted by different representatives. Those that supported the preparation of business plans were different from those that conducted site visits. Similarly, those that have conducted business plan evaluations were different from those that conducted site visits. Finally, the members of the Committee for Business Plan Evaluation were different from those that were engaged in supporting the business plan development, assessment and site visits. Although there might be a good justification to separate those that supported the business plan development from making business plan assessments, there is no justification to separate those that conduct site visit for verification from those that evaluate business plans. External experts or others that are in charge for business plan assessment should be part of the site visits and field verification to better comprehend business plan applications. Similarly, even if there might be a good justification to separate functions of business plan development and business plan assessments, internal judgements of business consultants that supported the business plan development could be somehow used as an input for business assessment process or by the Business Plan Evaluation Committee. It is also a lesson learned to include external experts from Commercial Banks as much as possible during business plan assessments since they are considered to have the right skills and experience in assessing the bankability of business plans. Furthermore, a similar observation that was recognised in the business idea was also observed in the business planning process in terms of the inclusion of disadvantaged groups. It appears that many disadvantaged groups especially those with limited education such as Roma, Ashkali and Egyptians, social assistance beneficiaries etc. faced significant difficulties in transferring their business ideas into proper business plan. Finally, in order to better accommodate the needs of the start-ups, beneficiaries also argued in favour of increasing the maximum amount of funding from 6,000 euro to at least 8,000 euro.

### 5.3. Coaching & Mentorship

Technical description of the intervention: Since the first two years of start-up operations are considered as critical period for the survival of businesses even more so for disadvantaged groups since they are less likely to have experience in running businesses, SEP has included interventions to provide professional assistance through coaching and mentoring during this period. The aim of this intervention is to further develop the skills and knowledge of the candidates to manage and grow their businesses. SEP hired external business consultants to provide business support services to the start-up companies supported by the Programme. Coaching services were hired mainly to support the development of the business plans<sup>+++</sup> while mentoring services were hired to assist newly established

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<sup>+++</sup> Coaching typically involves a short-term relationship while relationships in mentoring are longer term. Another difference is that coaching relationships tend to focus on helping an entrepreneur reach specific goals related to their business in a fixed period of time, whereas mentoring tends to be more focused on the personal development of the entrepreneur (OECD: 2016)

businesses to grow and to become sustainable. SEP hired external consultant to offer on average 7 hours of coaching services and about 40 hours of mentoring services. While the overall duration of coaching services was rather short (up to two weeks) the overall duration of the mentoring services was up to one year. The support involved provision of consultancy services on financial planning and execution of grants, production, legal matters, networking, marketing and bookkeeping. Around 2,500 hours of mentoring services were provided to all grantees who requested it in order to make their businesses operationally viable.

Good practices, lessons learned and key challenges encountered: Division and inclusion of both coaching (to support during business plan development process) and mentoring services (during business start-up and operations) as part of support package to candidates was considered as a good practice by all candidates. Having flexibility during provision of mentoring services and adapting the intensity of support based on capacities and needs of the grantees was also highlighted as good practice compared to other practices where number of hours of mentorship support was fixed in advance. Business support consultants have conducted a needs assessment of grantees in order to identify their potential needs for mentorship in the beginning of the service offer. Grantees, on the other hand, highlighted the importance of obtaining a fast response from business consultants when they demand such support. It also appears that the role of business consultants are clearly defined by the SEP and candidates were also aware of the inputs provided by the coach & mentors which might be one of the reasons for dissatisfaction. The overall duration of mentorship of one year was also identified as adequate because longer duration of mentorship can create grantee dependency on the external support. As a challenge, SEP identified that it was difficult to find suitable mentors to respond adequately for different needs and capacities of beneficiaries.

## 6. Monitoring and Evaluation of the Programme

### 6.1. Monitoring and evaluation practices

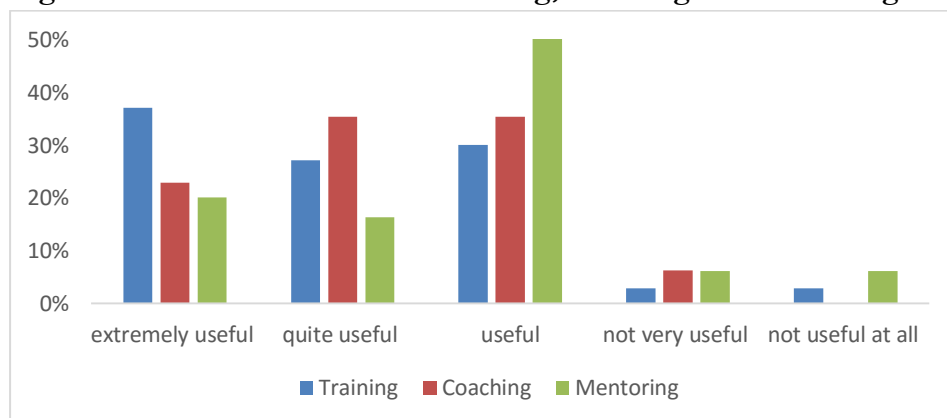
Monitoring practices: Representatives of the EOs (Employment Counsellors) together with funding organisation monitor the approved applicants under the Programme. They visit each grantee on monthly basis for the first six months, then on quarterly basis until the end of the one-year contract period. The field visits are organised with (and when needed without) prior appointment with the beneficiaries, by giving a 1 to 3-day notice using the standard format designed by the Programme (Annex 21 of the attached OM). The monitoring visits are organised to collect timely and accurate information on whether the Programme is being implemented in line with its schedule, and monitor the success and the impact of the implemented Programme.

According to stakeholders the close monitoring should be done in one year. Later, yearly contacts can be kept with the purpose of obtaining information about the impact of the programme (i.e. whether business is still operating, number of jobs created etc.). Monitoring visits on monthly basis during initial six months was identified as burdensome by the beneficiaries. Instead, they recommended to utilise mentorship services for monitoring and reporting purposes to reduce the monitoring visits from EOs and funding organisations to every three months within the initial six months of implementation.

Evaluation: The MLSW together with UNDP commissioned the external evaluation report during October 2017 to evaluate the SEP covering the period of 2015-2016.<sup>§§§</sup> Considering the high level of unemployment and inactivity among the general population, the external evaluation found the high level of ‘relevance’ of the SEP for the target groups. The evaluation report also identified SEP being a very positive ‘weeding-out’ model that ensures that only committed applicants get to the final stage. With regards to targeting, the evaluation report found that the project achieved good targeting by reaching out to 90% of beneficiaries as long-term unemployed 45% of which women and 34% from minorities. The report also identified the educational level of beneficiaries (with 7% at primary level, 30% at higher secondary, 27% at professional /vocational level and 35% at third level) and found that the spread of educational level was reasonable and comparable to national distribution.

The report also found that there is overall positive feedback regarding the level of satisfaction and perceived usefulness from beneficiaries about key interventions of the SEP although significant share of grantees reported average usefulness of training, coaching and mentorship (see figure 1). Furthermore, satisfaction levels slightly varied when results between training, coaching and mentorship are compared. Grantees tend to report higher satisfaction levels for training compared to other forms of support while coaching was also rated better than the mentorship.

**Figure 1: Satisfaction level from training, coaching and mentoring**



*Source: Kavanagh, F. (2017): Evaluation Report of the Implementation and Impact of the Self-Employment Programme (SEP) in Kosovo\* (2015-2016)*

Furthermore, the evaluation identified the business survival rates of grantees supported by the SEP. According to the report, about 77% from 2015 cohorts and 90% from 2016 cohorts were still active and running their businesses. Out of 70 grantees that were surveyed, 67% reported that they are in profit and 29% are in breaking even and 4% making a loss.

Furthermore, the evaluation report compared the results of grantees with those who got into the programme and completed the training phase but were not ultimately funded (a control group). Based on evaluation findings, only 8% of the 50 people that were contacted from control group had started a business. Rough cost-benefit calculations of the evaluation also indicate that the income generated by the beneficiaries exceeds the costs incurred by the SEP by approximately €1,267 per participant.

<sup>§§§</sup> Kavanagh, F. (2017): Evaluation Report of the Implementation and Impact of the Self-Employment Programme (SEP) in Kosovo (2015-2016). All the information from this section refers to this report.

Overall, the evaluation report regarded the SEP to be a very successful active labour market intervention for the target groups in Kosovo\* with satisfactory outcomes.

## 6.2. Programme Results

The table below (table 1) presents some important figures regarding the number of people that applied to the programme with business idea, those that successfully finished the training and submitted full-fledged business plans and those that actually received grants and mentorship support. The available administrative data allows disaggregation only in terms of gender and majority/minority population. The table below shows that there was noteworthy participation from women and minorities through each step of the Programme. The share of women and minorities during business idea application process was 38% and 34% respectively. The share of same group of jobseekers that were engaged in training was 43% and 33% respectively. While the share of women and minorities within those that were selected and actually received the financial grants and mentorship support was 45% and 34%. As stated above, the share of women participation into the Programme is very encouraging considering the very low labour market participation rate for women in Kosovo\* (18-20%). The share of minorities was also encouraging given they constitute about 10% of the overall population in Kosovo\*.

**Table 1: Number of beneficiaries applied, trained and awarded for grant**

	Business idea applications		Jobseekers trained		Business plans received		Grants and mentorship awarded	
	2015	2016	2015	2016	2015	2016	2015	2016
<b>Women</b>	91	110	48	41	31	37	21	16
<b>Men</b>	178	155	76	45	48	42	22	23
<b>Minority</b>	93	89	29	40	17	29	9	19
<b>Total</b>	269	265	124	86	79	79	43	39

*Source: Kavanagh, F. (2017): Evaluation Report of the Implementation and Impact of the Self-Employment Programme (SEP) in Kosovo\* (2015-2016)*

Notwithstanding of these very positive achievements, the share of Roma, Ashkali and Egyptians within groups of minorities was very low. In 2016, only 2 applications out of 265 applications were submitted from this group. SEP thinks that to a large extent this is due to relatively high illiteracy rates and low education attainments of the Roma, Ashkali and Egyptians population.

As presented above, the evaluation report found that 77% of the 2015 grantees and 90% of the 2016 grantees are still in business as of October 2017. The evaluation also found that additional 45 jobs were created along with the 82 SEP beneficiaries that are directly engaged in running their businesses.

Regarding the costing structure of the SEP programme, SEP awarded €380,000 in grants. When other main costs such as coaching & mentoring services and other operational costs are added, the overall cost of the SEP increases to €486,000. Therefore, the overall cost per business start-up amounts to €5,900 per beneficiary. When the total costs are divided based on the number of businesses that are still operational then the overall cost per businesses that are active and running increases to €7,150.

### 6.3. Key lessons learned that influenced the success of the Programme

#### Key factors and lessons learned that influence the success of the Kosovo\* Programme:

SEP identifies the following critical factors influencing the success of the self-employment programmes:

- **Relevant skills:** According to the SEP the best performing businesses under this Programme are those that know the profession/business either through education/training and/or through previous working experience. This lesson is especially relevant for PES since, to a large extent, their target groups are long-term unemployed with low education attainment. For this reason, PES may consider engaging long-term unemployed into technical training programmes and if possible in on-the-job training before supporting them with key interventions of the self-employment programme.
- **Receiving a large number of applications:** SEP also highlighted the importance of having a large number of applications to avoid a high business failure rate. According to them, it is very important to receive a high number of applications to carefully review and choose the best proposals among many other alternatives.
- **The extensive and in-depth beneficiary application and selection processes.** The SEP considers that beneficiary selection process which was implemented in three phases (selection of business ideas, successful completion of training as well as selection of best business plans) assisted them to obtain the highest possible return on investment/support provided. Many stakeholders regarded that the long road from the call to the grant ensured that only the committed applicants get to the final stage.
- **The well-designed operational guidelines:** SEP also prepared a comprehensive Operational Manual to facilitate the work of the MLSW, Employment Agency (EA), Employment Office (EO) counsellors and Vocational Training Centre (VTC) trainers in implementing the Self-Employment Programme. The operational guidelines also contain detailed procedures, required forms, and instructions for coherent implementation of the Programme which contributed to the successful implementation of the Programme.
- **Combination of different components of the programme:** Programmes that combine many elements of the support such as training in basic business management skills, financial support (through provision of grants) to start the business, and mentoring and consultancy with business services have higher results compared to programmes which include only one component/intervention.

#### Key factors and lessons learned that influence the success based on international literature:

To a large extent, this section is prepared by summarising findings that were gathered by two OECD reports.<sup>\*\*\*\*</sup> According to these reports, critical factors that most frequently influence the success of the self-employment programmes are:<sup>††††</sup>

- **Experience:** Relevant previous experience (in self-employment or in employment in the same industry/occupation) increases the chances of survival of businesses/self-employment initiatives.
- **Age of the entrepreneur:** Businesses operated by older people generally have higher survival rates compared to other age groups most likely because they have more work experience.

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<sup>\*\*\*\*</sup> OECD (2016): Inclusive Business Creation. Good Practice Compendium and OECD (2015): Policy Brief on Sustaining Self-employment - Entrepreneurial Activities in Europe

<sup>††††</sup> For detailed elaboration of these findings as well as for specific studies that identify these success factors please see the above mentioned reports.



However, for a given level of experience, a younger entrepreneur has higher chance and better survival rates.

- **Financial resources:** Small business owners are more likely to succeed when they have more personal financial capital available for the business.
- **Motivation:** Entrepreneurs who start their business to exploit an opportunity (rather than out of necessity) will have better chances of survival.
- **Education:** Entrepreneurs with higher levels of education typically have better performing businesses, with higher survival rates.<sup>\*\*\*</sup>
- **Innovation:** Entrepreneurs who operate businesses that are based on new products, services or technologies face a greater risk of the market not accepting their new offerings than business that offer products, services and technologies that are already accepted; therefore, innovation is associated with higher failure rates.
- **Trust in coaching & mentoring:** There must be a high level of trust between the individuals involved in coaching and mentoring relationships. Often, the coach or mentor should be from the same target group. This means for example, matching a women entrepreneur with another women entrepreneur, or a senior entrepreneur with a senior entrepreneur. The main factor contributing to the success of this intervention is the effective interaction between mentors and mentees in multiple approaches (i.e. online, meeting, workshops).
- **Fair and transparent application process:** Many studies identify that the key elements of a successful self-employment programme are fair and transparent application and awarding process.

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<sup>\*\*\*</sup> For this reason, it is recommended that any self-employment programme targeted at less skilled and less experienced candidates to incorporate entrepreneurship training focusing particularly on upgrading skills related to running a small business

## References

European Commission (2010): European Employment Observatory Review: Self-employment in Europe 2010

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OECD (Dr. Robert Blackburn and Dr. David Smallbone): Sustaining self-employment for disadvantaged entrepreneurs. A background paper for the OECD Centre for Entrepreneurship, SMEs and Local Development

Ministry of Labour and Social Welfare of Kosovo\* (2016): Operational Guidelines for the Implementation of the Self-Employment Programme

## Annex: Operational Manual of Self-Employment Programme