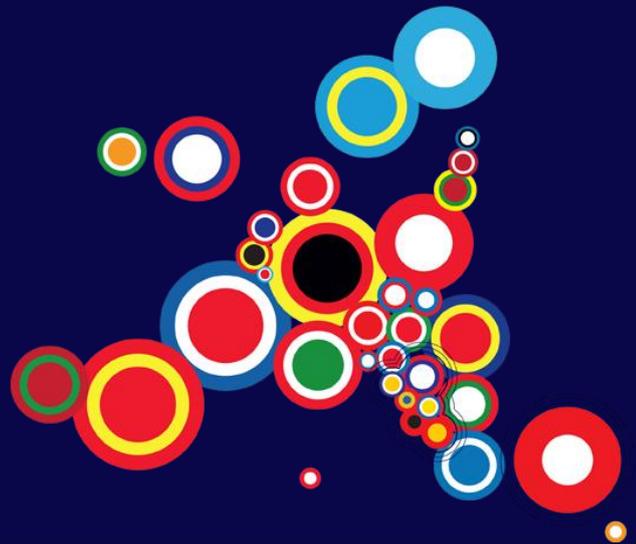




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

Kosovo* EU Support for the Competitiveness of Kosovo's ICT Sector



Action summary

The overall objective of the action is to enhance the competitiveness of Kosovo's digital and traditional businesses by supporting growth of Kosovo's Information and Communication Technology (ICT) sector leading to growth and new job creation. The Specific Objectives of the proposed action are to bridge the digital and business skills gap in a sustainable manner that meets the needs of the market and increases the competitiveness of Kosovo's digital and traditional businesses and to increase the exports of Kosovar businesses by using the full potential of digital technologies.

The growth of Kosovo's digital economy will enable economic growth and generate new employment. The envisaged action is fully aligned with the concern addressed in the Digital Single Market Strategy for Europe approved on May 2015, expressed as follows: Shortages of ICT professionals in the EU could reach 825,000 unfilled vacancies by 2020 if no decisive action is taken – "The Commission will address digital skills and expertise as a key component of its future initiatives on skills and training".

A skilled Kosovo ICT workforce will use the opportunity created by the Digital Single Market Strategy to development the ICT sector and upgrade the digital skills of other traditional businesses.

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

Action Identification	
Action Programme Title	Action Programme for Kosovo for the Year 2017 – Part I
Action Title	EU support for the competitiveness of Kosovo's ICT sector
Action ID	IPA 2017/040506./08/Kosovo / Support to ICT Sector
Sector Information	
IPA II Sector	Competitiveness and innovation
DAC Sector	43010
Budget	
Total cost	EUR 3.0 million
EU contribution	EUR 3.0 million
Budget line(s)	22.020102
Management and Implementation	
Management mode	Direct management
<i>Direct management:</i> EU Delegation	EU Office in Kosovo
<i>Indirect management:</i> National authority or other entrusted entity	
Implementation responsibilities	European Union Office in Kosovo
Location	
Zone benefiting from the action	Kosovo
Specific implementation area(s)	Kosovo
Timeline	
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2018
Final date for concluding delegation agreements under indirect management	At the latest by 31 December 2018
Final date for concluding procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
Final date for operational implementation	6 years following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this	12 years following the conclusion of the Financing Agreement

programme should be de-committed and closed)			
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	X	<input type="checkbox"/>	<input type="checkbox"/>
Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	X	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Kosovo's economic development suffers from lack of competitiveness, very narrow production base and an uncompetitive level of domestic productivity. This is reflected in a number of indicators such as the import/export deficit (8:1), whose structure indicates lack of sophistication and need for diversification.

The World Bank and IMF are calling Kosovo to move away from its current growth model towards one led by production and exports. The IMF's first review under the stand-by arrangement (approved by the executive director for Kosovo) mentions that *the creation of a dynamic private sector able to compete regionally and globally, is essential in order for Kosovo to move away from its current undiversified, remittance- and consumption-driven growth model to one driven by the productive sectors.*

Despite the fact that Kosovo has the youngest population in Europe, its youth potential remains largely untapped; unemployment among youth (15-24 year olds) reached 61 percent according to the Labour Force Survey¹ of the Agency of Statistics of Kosovo. There are very few job opportunities for young entrants (about 30,000 per year). Of the many unemployed, about 60 percent are considered unskilled or having outdated skills. The number of unemployed persons with a university education has also increased, signalling a mismatch between the skills needed in the labour market and those provided by the formal education system². Skills mismatch represents a particular barrier for entering the world of work for young people.

The digital economy holds great potential as a sector to drive Kosovo's economic development. The digital economy does not require extensive physical inputs or mobility of the workforce. It also represents a promising field for generating jobs, increasing exports, and income for Kosovars.

The Kosovo government recognises Information and Communications Technology (ICT) as one of the six priority sectors for Kosovo economic development. ICT represents a critical component of a broad range of the economic activity, vital for the establishment and maintenance of international commercial relationships, and crucial to social cohesion and the diffusion of knowledge throughout society. The whole ICT industry in Kosovo (including telecommunications sector), generally constitutes a vibrant sector of the economy in its own right, providing a major source of employment, contributing a significant share of the Gross Domestic Product (in the last 10 years 8% -11% of the Kosovo GDP), and is serving as a catalyst for the creation of a highly skilled "knowledge economy" workforce.

Kosovo's ICT sector is dynamic. Based on World Bank WDI indicators, the share of ICT-related exports to total service exports was 22.4% in Kosovo for the period 2009-2012, while this share was 10.2% in Albania, 6.6% in Bosnia, 13.2% in Croatia, 7.8% in Montenegro, 40% in Serbia, 23% in Slovenia and 26% in the former Yugoslav Republic of Macedonia. Kosovo's National Development Strategy places as a priority the provision of support to Kosovar ICT businesses to export services abroad.

According to the business registry of Tax Administration of Kosovo, in 2015 a total of 571 businesses were registered to have ICT or some form of ICT component as primary business activity. Kosovo's IT industry is MSME-dominated, which results in a lack of scale for the industry. According to Kosovo ICT Association-STIKK, there are approximately 120 IT software businesses in Kosovo that employ around 3,000 IT professional programmers, presenting the IT sector as an employer of importance. In addition to these IT businesses, there are 10 additional ones: IT start-ups located in the Innovation Centre of Kosovo (ICK). The presence of international IT businesses in Kosovo is very low.

Even though there is a great potential of the software businesses, there is a low level of specialization and differentiation in terms of technologies, target industries (vertical specialization) and specific functional

¹ <http://ask.rks-gov.net/media/1687/results-of-the-kosovo-2015-labour-force-survey.pdf>

² SKILLS 2020, European Training Foundation

areas (horizontal specialization)³.

Existing research indicates number of challenges hindering the export capacity of the Kosovo IT industry. The latter include lack of branding and information on global IT market and technology trends, as well as problems with accessing the capital. However, the critical challenge still relates to the lack of skilled workforce, both in terms of numbers and quality.

A recent report by STIKK on the labour supply and demand in Kosovo's ICT sector summarized that "ICT businesses are not satisfied with the quality of employees graduating from higher education institutions in Kosovo, as the majority of the most critical skills highly demanded in industry are missing."⁴

An under-developed career guidance and counselling system is contributing to the problem. Future career choices are mostly made based on the advice provided by friends and parents. Furthermore, people interested in acquiring digital economy skills do not have well-defined mechanisms to understand (a) the scope for employment in the digital economy; and (b) how to acquire in-demand skills from certified and reputable institutions.

The ICT sector is by definition knowledge driven, providing high added value services and products and as indicated by Economic Reform Program as a sector having significant potential for growth. Kosovo needs to support its knowledge-intensive sectors and proceed to planned actions that support these sectors so that they are able to compete internationally hence enhancing their export potential.

In order that the ICT market fulfils expectations for growth, Kosovo government has to:

1. Address the technical ICT skills gap, that is market driven through framework that is able to adjust to new technologies
2. Enhance the business, export and marketing skills of ICT businesses and entrepreneurs.
3. Raise awareness among traditional businesses/industry to digitize in order to stay competitive.

Stakeholder Analysis

The Ministry of Economic Development (MED) - is the key institution for this action, being in charge of:

- Drafting of policies and strategies on the overall economic development of Kosovo, the provision of support to information technology, innovations, and electronic trade
- To stimulate the development of information technology training systems
- To cooperate with the business community and business associations with the aim of establishing an attractive business environment;⁵

MED has recognised that Kosovo's economic growth in the ICT sector depends on its ability to support the competitiveness and growth of the ICT businesses. MED acknowledges that it needs to strengthen its abilities in order to be able to properly support ICT businesses in their future development for enhancement of their competitiveness and internationalisation.

Kosovo Investment and Enterprise Agency (KIESA) - is an institution operating under the Ministry of Trade and Industry which is responsible for protection and promotion of investments, supports application of public policies and programs for Micro, Small and Medium enterprises and develops policies related to establishment and development of economic zones. KIESA will be part of the Steering Committee for the implementation of the proposed action.

³ Kosovo National IT Strategy

⁴ STIKK, Mapping of ICT Sector Labour Supply and Demand, October 2015: http://stikk.org/fileadmin/user_upload/Skills_Gap_2015__EN_-_v5__14.12.2015_.pdf

⁵ [Regulation No. 02/2011 on the areas of administrative responsibility of the office of the prime minister and ministries](#)

The Ministry of Education, Science and Technology (MEST) - is responsible to develop policies and implement legislation for the development of education, including higher education and science in Kosovo. MEST will be part of the Steering Committee for the implementation of the proposed action.

Ministry of Labour and Social Welfare (MLSW) is responsible to develop work and social welfare policies and draft and implement the legislation in these areas. MLSW will be part of the Steering Committee for the implementation of the proposed action.

The Kosovo ICT Association (STIKK) was established in 2008 with the aim of acting as a collective voice of the ICT sector. According to its mission statement, STIKK wishes to help create a better ICT business environment by improving standards and educational opportunities, and advocating with the government on behalf of its members to ensure that the sector will attract new business and investment. STIKK is a non-for-profit legal entity, with members paying fees in exchange for services. STIKK is one of the entities that co-developed Kosovo's IT strategy, is part of the Steering Committee for the implementation of the Kosovo IT Strategy (Chaired by the Ministry of Economic Development) and also develops the annual IT Observatory (financed by GIZ) providing an insight of the IT industry of Kosovo and market trends. STIKK currently accounts for 125 +members, which represents 90% of the whole ICT market of Kosovo. STIKK will be part of the Steering Committee for the implementation of the proposed.

Innovation Centre of Kosovo (ICK) - aims to connect research and development component of scientific field with the business sector, focusing on creating new job opportunities oriented towards the future, based on knowledge and new technology. It provides support to both start-ups and existing businesses with a potential for growth. Until now, ICK has supported more than 70 start-ups. ICK will be part of the Steering Committee for the implementation of the proposed.

Steering Committee for the Kosovo Digital Economy - cooperation among the industry—including training providers and digital economy businesses—and the government is important for the implementation of the proposed action. The relevant stakeholders mentioned above are described specifically in terms of their role and importance in implementing the proposed action.

The 'Steering committee for the Kosovo Digital Economy,' is composed by representatives of Kosovo central institutions (MED, MEST, MLSW, MEI), representatives of Private Sector (STIKK, representatives of the private sector), Academia and representatives from donor community will also serve as the Steering Committee for the implementation of this action. In addition to the stakeholders above, Ministry of European Integration (MEI) will be part of Steering Committee for the action as the National IPA Coordinator in order to ensure that the implementation is in line with the European Reform Agenda.

For the purpose of successful implementation of this action, there is a need to define the **task force** (program management agency-PMA) composed of technical level staff that will take over the management and administration of the proposed action. The task force should ideally represent a group of 4-5 people acting on behalf of the steering committee.

OUTLINE OF IPA II ASSISTANCE

The main focus of this action is to train people with digital and business skills in order to activate the skills supply for the ICT labour market and to put the improved skills in effective use.

This action aims at improving the linkages between the private sector and informal (i.e. ad-hoc courses and practical learning) training, enhance provision of career guidance services and enhancing private sector businesses' investments into opportunities that generate employment and enable youth entrepreneurs to have access to support services that allow them to successfully start and operate their own businesses⁶.

Therefore, the action will:

(a) Address the technical ICT skills gap in the market in a manner that is market driven and is able to adjust

⁶ <http://eye-kosovo.org/>

- to new and emerging technologies and techniques,
- (b) Deliver new set of skills to Kosovo ICT Sector,
 - (c) Enhance the business and marketing skills of ICT businesses and entrepreneurs
 - (d) Provide systematic support to Kosovo ICT businesses in the internationalization of their services and products.

RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

The interventions proposed are closely related to IPA II Indicative strategy Paper for Kosovo 2014-2020 (adopted on 20/08/2014). Furthermore, the proposed interventions address findings of Kosovo Report regarding Sectoral Policies (5.2.1. Industry and SMEs).

“Increased digital economy skills among young people and capacity building and mentoring for digital businesses” refers to Digital Single Market -Strategy of European Commission of 6 of May 2015[1] and refers to SEE 2020 Strategy [2] Dimension F – Smart Growth. It is also fully aligned with Chapter 4 – Competitiveness and innovation (4.1 Needs and capacities in the sector) of the Indicative Strategy Paper (ISP).

The proposed intervention is in line with Kosovo’s Stabilisation and Association Agreement Articles 100 and 110.

Kosovo should follow up on the recommendations from the EU’s ‘Small Business Act’ assessment. Two of the four pillars of the act (“Promoting entrepreneurship” and “Access to markets and internationalisation”) are strongly linked to the fulfilment of the Economic Criteria of the EU and the enhancement of competitiveness of Kosovo’s ICT sector. IPA II support to Competitiveness and Growth is expected to contribute greatly in addressing the points that hinder the competitiveness of Kosovo’s digital businesses – gap of digital and business skills, and the further growth of the digital economy through the provision of support to businesses by MED, fostering exporting efforts. The need for intervention and support to businesses is highly relevant.

Kosovo’s Economic Reform Programme (ERP) in Reform Measure #4 recognizes the need for further extension of the ICT network infrastructure and its link to socio-economic development. One of the activities for 2017 is also "Adapting and functionalizing the digital technology park for the needs of ICT businesses". The proposed action enhances the scope of ERP reform measure as it will increase the number and the quality of Kosovo ICT businesses and contribute to better usage of the digital technology park.#

Kosovo National Development Strategy 2016-2021, through its measure 30 “Deployment of information and communication technology infrastructure” identifies needs which lays out specific points to be addressed in order to enhance the competitiveness of Kosovo’s digital businesses.

Kosovo National IT Strategy – is the main ICT sector document, the purpose of it is to elaborate a specific strategy for promoting the development of the Kosovo IT industry in order to promote digital transformation and supporting Kosovo in becoming a knowledge-based economy.

The IT strategy sets the sector’s overall goal, to become the main driver for economic growth, employment and innovation by 2020 through increasing the international competitiveness of the Kosovo IT industry based on digital excellence.

The main beneficiary and target group of the strategy is the Kosovo IT industry. Related topics such as IT infrastructure and e-government have been covered by other strategies.

Digital Agenda for Kosovo 2013-2020⁷ - is in compliance with the objectives set out in the Communication from the European Commission of 19 May 2010 to the European Parliament, the Council, the European

[1] [A Digital Single Market Strategy for Europe](#) (page 16)

⁷ [Digital Agenda for Kosovo 2020](#)

Economic and Social Committee and the Committee of the Regions "A Digital Agenda for Europe" (COM (2010) 245 final) and aligned with the Communication from the European Commission of 3 March 2010 "A strategy for smart, sustainable and inclusive growth" (COM (2010) 2020 final).

Kosovo's legislation covering the field of ICT is fully harmonized with the relevant acquis of the EU. Relevant laws are listed below:

[Law no. 04/L-109 on electronic communications](#)

[Law no. 04/L-094 on the information society services, which includes eCommerce law, eSignatures law, ePayments law, electronic contracts, etc.](#)

[Law on copyright and related rights, Law on amending and supplementing the Law no.04/L-065 on Copyright and Related Rights](#)

[Law on the Protection of Personal Data](#)

[Law on Prevention and Fight of the Cyber Crime](#)

According to Regulatory Authority for Electronic and Postal Communications, broadband penetration has reached 75% of households and 4G services are available in more than half of Kosovo.

Kosovo's growth in the digital economy depends on its ability to support the competitiveness and growth of its ICT sector and digitalising traditional industry with the help of ICT businesses. The role of Kosovo's Ministry of Economic Development in fostering entrepreneurship and supporting access to markets and internationalisation of Kosovo's digital business, ensuring that they can reach and use the relevant tools and data, and receive the right support in their export and internationalisation efforts is of great importance

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The main instrument of the European Commission for supporting ICT sector in Kosovo is TAIEX Instrument. TAIEX assistance was used for the revision of policy and legislation, it was also helpful for Regulatory Agency for Electronic Communications and Postal Services. We consider that IPA instrument will boost our efforts in developing Kosovo Digital Economy.

Kosovo Digital Economy - KODE program is being developed with the support of the World Bank. Under this program we are looking into the possibility to catalyse investments into rural broadband coverage extension, implement a digital skills program, and a program to increase export-potential of Kosovo digital businesses. Recently, on 3 August 2016, Kosovo National Investment Council adopted revised Investment Clause where it has included expansion of broadband network infrastructure for covering rural areas, schools, hospitals as priority project in the amount of 37 million EURO. KODE components are based on projects that will develop broadband infrastructure in rural areas with no coverage, as well as human capital and digital businesses, in order to bring Kosovo into the digital economy of the future. Program is structured in two components: Digital Infrastructure and Digital Jobs.

The Digital Infrastructure project is focused on extending the ICT broadband infrastructure with very high speed across Kosovo, for coherent regional development and comprehensive approach in the opportunities provided by ICT to support regional MSMEs, including Internet Service Providers in rural areas (rural ISPs), as well as rural communities. Infrastructure part of the KODE is foreseen to be financed by the World Bank with the possible engagement of other donors such as KFW and EBRD.

Digital Skills for Jobs Report_MED has benefited a Technical Assistance from the World Bank which aims to identify specific mechanisms to develop digital economy skills among young people in Kosovo. This report outlines the challenges facing Kosovo in terms of job creation, and focuses on the potential of the digital economy to create better and inclusive jobs. Report introduces the detailed description of proposed strategic intervention. Particular attention is devoted to a possible Digital Economy Skills for Jobs training program. The program design elements include the methods of curriculum design, options of training

delivery, methods of financing, and embedded matching services for students. This report served as guidance for requesting IPA II support.⁸

Project Women in Online Work – WoW – MED has implemented a project “Women in Online Work” with the support of the WB. The project was implemented in three municipalities: Lipjan, Gjakova and Prishtina, with the aim to increase the participation of women in global opportunities of employment, enabled by Information and Communication Technology. The pilot draws upon findings of the World Development Report 2016 on Digital Dividends and tests how digital economy jobs could assist in creating inclusive and better employment opportunities. The capacity building phase consists of training on technical and soft skills that are mostly demanded skills for jobs in international online marketplaces. The pilot became one of components of the ICT technical assistance package of the World Bank to the Ministry, financed by the Korea Green Growth Trust Fund. The design and implementation is enriched by the insights provided by the Ministry of Economic Development Advisory Board that comprise main stakeholders in Kosovo (Relevant government representatives, ICT Association, Academia, Private Sector, and NGO’s) and with the cooperation of the Ministry of Labour and Social Welfare and Helvetas Swiss Interoperation. The implementation of the project started in February and lasted until December 2016. Through this Project, in total 150 women have been trained (18-40 years old, average level of English, undergraduates and current students which are unemployed or underemployed), in order to gain the skills needed to find jobs in international online platforms, technical skills (coding, graphic design, and social media marketing) and soft skills on how to promote themselves to find work.

During project implementation, 77 beneficiaries got at least one online work contract. The majority of pilot trainees compete globally for jobs in web development, web research, graphic design, digital marketing, and data entry. Some trainees have landed more than ten (10) online work contracts, several trainees managed to obtain recurring online work contracts. Six trainees landed ICT jobs in a local job market, and one trainee has obtained an internship⁹.

Promising result of the project has led to continuation of the project through USAID support. Currently, the project is on the first stage of preparation to start the implementation in two municipalities Gjilan and Pristina. Ministry of Economic Development is the government counterpart and is playing a key role in successful continuation of the WoW. In addition to that, the EYE project, supported by Helvetas Swiss Interoperation, will also support another round of WoW in Mitrovica and Podujeva. It is worth mentioning that all these activities are coordinated by the Ministry of Economic Development. In order to raise awareness and informing the beneficiaries about current and future WoW, the MED has set up a webpage in Ministry website as well as a social media public group¹⁰.

Rural Broadband Program – as a result of the cooperation with the World Bank, MED also benefited technical assistances for rural broadband program, mapping digital infrastructure and facilitation of infrastructure sharing of dark fibre of energy company-KOSTT¹¹. Following the approval of the strategic document “Kosovo IT Strategy”, similar activity which aims at increasing the employment of youngsters in ICT field has been launched by STIKK (The Kosovo Association of Information and Communication Technology). This program offer 6 month training for 90 youngsters in a 12-month period. Additionally, these beneficiaries will complete guaranteed internship programs within 1 year at STIKK member businesses through the internship pool/student placement service of STIKK, which will help them put to practice the newly acquired skills and showcase their skills to potential employers.

⁸ [World Bank Report - Kosovo Digital Economy: Skills for jobs](#)

⁹ [World Bank Press Release 2017](#)

¹⁰ [MED WoW webpage](#)

¹¹ [Development of the broadband market study. Growth For Rural Areas](#)

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To enhance the competitiveness of Kosovo's digital and traditional businesses by supporting growth of Kosovo's ICT sector leading to growth and new job creation.	Doing Business - Distance to frontier (score)	-World Bank - Doing Business	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Specific objective 1: To bridge the digital and business skills gap in a sustainable manner that meets the needs of the market and increases the competitiveness of Kosovo's digital and traditional businesses</p> <p>Specific Objective 2: To increase the export of Kosovar ICT businesses, and traditional businesses through the use of ICT</p>	<ul style="list-style-type: none"> - number of new IT software businesses established - number of new jobs in IT software businesses - number of businesses using digital tools to enhance their competitiveness - increase number of ICT businesses exporting - increase of total export of ICT sector 	<ul style="list-style-type: none"> • Ministry of Economic development periodic report • Reports from meetings of the Steering Committee • Kosovo Report 	<p>Political commitment for the enhancement of competitiveness of digital and traditional businesses through digital technologies remains high</p> <p>Efficient institutional capacities for the development and implementation of the objective</p>
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Result 1:</p> <p>The Digital Skills are enhanced and ICT skilled workforce is developed in a sustainable manner that meets the needs of the</p>	<ul style="list-style-type: none"> - classes in VTC centres equipped; - Number of people trained in ICT - Number of people trained for business development 	<ul style="list-style-type: none"> • Ministry of Economic development periodic report 	<p>Interest of the beneficiary remains high</p>

market and enhances competitiveness of Kosovo ICT businesses.		<ul style="list-style-type: none"> • Reports from meetings of the Steering Committee 	Necessary institutional resources exist
<p>Result 2: Export capacities of Kosovar traditional and ICT businesses are enhanced</p>	<ul style="list-style-type: none"> - Number of workshops organised - Number of ICT conferences organised 	<ul style="list-style-type: none"> • Kosovo Report 	<p>Businesses willing (are reluctant) to identify their interests to absorb potential trainees</p>

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DESCRIPTION OF ACTIVITIES

Result 1 The Digital Skills are enhanced and ICT skilled workforce is developed in a sustainable manner that meets the needs of the market and enhances competitiveness of Kosovo ICT and traditional businesses.

Under Result 1 the following activities are planned:

Activity 1.1 Establishment of an up to date digital skills training curricula based on domestic and international market needs

Information Technology trends change very fast. It is of crucial importance that digital skills training curricula design reflects the immediate needs of the global IT market.

This activity foresees the development of an IT Barometer, which will be implemented on yearly basis in order to reflect the demand and needs of the Kosovo IT businesses and global IT trends, for quality and quantity of experts in digital skills.

The outputs of the yearly IT Barometer exercise will serve as a basis for preparation and update of the digital skills **training curricula**.

The representatives of Steering Committee for the Kosovo Digital Economy will actively participate in development and implementation of the IT Barometer for Kosovo and the development of the curricula in order to ensure sustainability of the activities after this action is concluded.

Activity 1.2 Delivery of trainings on digital skills and businesses

This activity is devoted to the delivery of trainings in digital and business skills based on the curricula developed in Activity 1.1.

The main beneficiary of this action will be newly trained ICT workforce (high school graduates, fresh graduates, graduates) as well as current ICT professionals and businesses. The training will be provided by experts or businesses to the future ICT workforce and current ICT employees.

According to the Kosovo's IT strategy 2015, World Bank Report for Kosovo Digital Economy – Skills for jobs¹² and British Council latest draft report¹³, current and most demanded skills in ICT that are lacking include: Web Programming, Java Script, Knowledge of Systems Integration, SQL, Realtime Systems and .NET.

Besides these, the action will also deliver trainings to upgrade the current business skills that the Kosovo ICT businesses are lacking with the view to enhance their competitiveness (HR management, marketing & sales, Branding, project management, quality management).

The list of trainings is indicative and will be updated based on the outputs from the annual IT Barometer as described in the Activity 1.1.

The trainings for the ICT workforce will be delivered in regional VTC centres of the Ministry of Labour and Social Welfare (hereinafter: MLSW). The MED and the MLSW have signed a **Memorandum of Understanding**, which allows the MED to use regional VTC centres for the purpose of delivering ICT trainings. The VTC centres that will be used for the delivery of trainings are based in: Pristina, Peja, Ferizaj, Gjakova, Mitrovica, Prizreni, Gjilan. The Business module of the trainings will be in the VTC in Prishtina only, whilst the digital skills trainings will be conducted in all 7 centres. In addition, Public and Private University facilities located in 7 regions of Kosovo can be used for the purpose of the trainings. Based from the previous experience in similar training schemes, the duration of the training course is foreseen to last from 4 to 6 months.

¹² [World Bank Report - Kosovo Digital Economy: Skills for jobs](#)

¹³ [British Council Draft Report](#)

Trained ICT workforce (beneficiaries) will possess the sufficient digital skills to:

- be employed in the local businesses
- start their own businesses as start-ups in existing innovation/incubation centres of Kosovo, in ICK or in the Technology Park in Bernica¹⁴ which is currently being developed with the support of the MED
- become a freelancer in online platforms (Upwork, freelancer) where thousands of jobs are posted weekly¹⁵
- MED is committed to continue to support this training system through the special unit within ICT Department as long as necessary.

Sustainability is also ensured through the programme by identifying the best performing trainees to create the basis for the development of the Training of Trainers which is foreseen to be integrated later into the ICT training system. The thematic areas of the training that will be delivered, (and the respective curricula) will be adjusted to the needs of the market.

Activity 1.3 Delivery of business trainings

Through this activity courses on business development and business management will be held. The participants will come from the existing ICT businesses and trainees participating in the Activity 1.2 with the potential and interest for entrepreneurship. The trainings will be designed to address their needs for faster and better development of their businesses and their business ideas (i.e. entrepreneurship, developing a start-up, business strategy, business plans, marketing, leadership, access to finance, customer service, public speaking, ethics, human resources).

These trainings will be conducted in close coordination and partnership with ICK, STIKK and KIESA. The trainings will be delivered in Prishtina VTC centre and ICK premises. Curricula will be approved by the Steering Committee for Kosovo Digital Economy.

Activity 1.4 Supply of VTC Centres with necessary equipment

The VTC centres currently lack the equipment necessary for the delivery of the training (this include PCs, projectors, desks, broadband internet connection etc.). The budget has been calculated taking into account that the MED has already equipped one of the classrooms in VTC centre in Gjakova for the purpose of ICT training-Women in Online Work.

Result 2 Export capacities of Kosovar ICT businesses are enhanced

Activity 2.1 Promote cooperation between Kosovar ICT businesses with domestic and international business partners

The specialized B2B Export Promotion Service (EPS) will be designed in order to support ICT businesses in exporting and international business development, in order to generate additional business opportunities and business connections. One of the main tasks of this activity is to support marketing and positioning of ICT businesses on international target markets through direct B2B export promotion activities.

Other tasks under this activity are development and implementation of the EPS, establishment a CRM (Customer Relationship Management) system for generating and managing business leads. The CRM will help creating trust among the companies, provide information on how companies are collaboration and also monitoring development and increase of business activities. This Promotion will be conducted in cooperation with KIESA based on their experience on promoting Kosovar business sector internationally.

In order to further promote Kosovo ICT businesses, workshops will be organized in all 7 centres of Kosovo. Through these, Kosovo ICT businesses will be able to present their work to other Kosovo businesses that are interested in increasing their exports and foreign ICT businesses. The activity will contribute to strengthening the cooperation between Kosovar ICT businesses and other domestic businesses in order to

¹⁴ [Government Decision No.10/65 of date: 23.12.2015](#)

¹⁵ [UN IS CALLING ON THE CROWD TO FUND MOBILE IT CLASSROOMS TO INTEGRATE THE DISCONNECTED INTO THE ONLINE ECONOMY](#)

provide them with the innovative IT products and services to improve their efficiency and productivity. It will also help in development of domestic market and additional business opportunities for the Kosovo IT businesses by establishing linkages between local IT enterprises and international investors/multinational corporations (MNCs) in Kosovo.

Besides, the action will start with annual ICT conference with a view to provide more possibilities of introduction of world trends in the ICT sector and provide more opportunities for networking among Kosovo and EU ICT businesses.

The representatives of Steering Committee for the Kosovo Digital Economy will actively participate in development and implementation of the EPS in order to provide sustainability in the service provisions beyond the timeline of the project and ensure the ICT conference becomes annual event relevant to ICT businesses in the region.

This activity will be a start of awareness raising on behalf of Kosovo ICT businesses in order to help all Kosovo business to improve their digital skills.

Activity 2.2 Development of a portal/ web site containing information and documentation useful for ICT and traditional businesses, and serving as a market intelligence tool

The web portal will provide real time job insights, job opportunities as well as research, skills forecasts, wages, demographics and available educational programmes. The very first content of the website will be information and details about the trained workforce of this action.

MED and Steering Committee engagement in workforce solutions seeks to help Kosovar and international businesses to access the right talent with the right skills needed by providing targeted solutions for recruiting, retaining and integrating women, minorities, youth and internationally educated diaspora professionals into ICT workforce. As a multi-stakeholder web platform, this portal will include large network of industry, educational institutions, and policy makers representing the digital economy in Kosovo.

Supporting activity for the whole action: Development of an awareness plan and delivery

The awareness plan will consist of three integral and interconnected parts, tackling potential beneficiaries in the trainings, ICT businesses and representatives of other sectors in order to inform them about the action, its benefits and Kosovo ICT developments. In particular the awareness plan for the potential beneficiaries in the trainings will address the target groups (youth, women, minorities and ICT businesses) on the availability of ICT trainings and business development trainings. The awareness plan addressing the established ICT businesses will deliver information on possibilities for the ICT businesses to get specialized business development and export support services for their internationalization. The third part of the awareness plan will be designed for non ICT entities in Kosovo, with the view to present them the developments of ICT in Kosovo and the benefits the digital economy can bring for them. This will also allow development of new business connection between Kosovo businesses.

Awareness plan should be designed to be a flexible campaign, using a number of different Medias (articles, news events, face to face contact) which will be refined and changing constantly to ensure that it is achieving maximum reach.

The representatives of Steering Committee for the Kosovo Digital Economy will actively participate in development and implementation of the awareness plan in order to ensure adequate follow up after the conclusion of the action.

As ICT sector is one of the priority sectors identified by the Kosovo government the MED sees the present action as a starting point of digitalisation of Kosovo economy and will continue with activities that will lead to further development of Kosovo digital economy.

RISKS

Risk	Mitigation Measure
Lack of stakeholder cooperation	<p>Communication strategy and awareness raising campaign on the importance of the activities to be implemented.</p> <p>Strong leadership from the Steering Committee for the Kosovo Digital Economy.</p> <p>Creation of focused and agile taskforces for key activities which will be officially appointed.</p> <p>Use modern tools for process and project management.</p> <p>Provide relevant coordination capacities from the action to ensure increased flow of information in order to increase the awareness on the importance of efficient stakeholder cooperation.</p>
Limited absorption capacity among the potential ICT workforce and ICT businesses	<p>Detailed screening at an early stage of the action implementation of the potential ICT workforce and existing ICT businesses with regard to the criteria for admission to the action.</p> <p>Selection of the most appropriate potential ICT workforce and businesses using most efficient ICT tools for testing and evaluation of potential candidates.</p>
Limited availability of VTC centres	<p>MED will liaise with MLSW in order to properly use the facilities of VTC centres for specified periods of time.</p> <p>MED will cooperate with all municipalities in order to ensure appropriate facilities and engagement of local entities.</p>

The main assumption for implementation of the action is that there is interest of target groups for trainings offered. Based on the current experience on the projects that are currently implemented (Women in Online Work) the interest in the trainings offered in the IT field is approximately 10 times higher than capacity for trainings.

CONDITIONS FOR IMPLEMENTATION

The proposed action continues on already established cooperation between different governmental institutions, private sector representatives and representatives of the donor community in the form of the 'Steering committee for the Kosovo Digital Economy'. The action is based on the Kosovo IT strategy, which is the main document for development of the IT sector and will contribute to reaching the objectives set.

The main precondition related to the implementation of the action is the availability of VTC centres where the trainings will take place. VTC centres are managed by MLSW and in order to ensure availability of the resources MED should reach an agreement on use of the VTC centres.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The action will be managed by the EU office in Kosovo and coordinated by the NIPAC office at the Ministry of European Integration.

The direct beneficiary will be Kosovo's Ministry of Economic Development and final beneficiaries of the action are the potential ICT workforce, potential entrepreneurs and businesses.

The main institutional stakeholders in this action will be the Ministry of Economic Development, KIESA, Ministry of Labour and Social Welfare, Ministry of Education, Science and Technology and Ministry of Public Administration. Beside governmental institutions, other stakeholders will be educational institutions, ICT Association, ICK and private sector.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

EU Office in Kosovo is the Contracting authority for the proposed action. This Action will be implemented in direct management mode. The action will be implemented through a supply contract for the Activity 1.3. and a service contract covering all other activities.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations. In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

One of the activities during the action implementation is IT Barometer, which will be implemented on yearly basis. During the second (and further implementation) the assessment of past trainings and their fulfilment of ICT company's needs, will be performed as well. The results of the assessment, together with the identified needs, will be used for preparation of future trainings.

INDICATOR MEASUREMENT

Indicator	Baseline (value + year) (2)	Target 2020 (3)	Final Target (year) (4)	Source of information
ISP indicator (impact/outcome)....(1)				
number of new IT software businesses established	120 (2017)	130	140	Periodic reports of MED
number of new jobs in IT software businesses	3000 (2017)	3200	3400	Periodic reports of MED
increase number of ICT businesses exporting	To be established at the start of the action	+5%	+10%	Periodic reports of MED
increase of total export of ICT sector	To be established at the start of the action	+20%	+30%	Periodic reports of MED
classes in VTC centres equipped with the equipment needed for the trainings	0	8+1	8+1	Periodic reports of MED Reports from meetings of the Steering Committee
Number of people trained in ICT	0	960	1440	Periodic reports of MED Reports from meetings of the Steering Committee
Number of people trained for business development	0	80	120	Periodic reports of MED and ICK Reports from meetings of the Steering Committee
Number of workshops organised	0	32	48	Periodic reports of MED Reports from meetings of the Steering

				Committee
Number of ICT conferences organised	0	2	3	Periodic reports of MED Reports from meetings of the Steering Committee

(1) This is the related indicator as included in the Indicative Strategy Paper (for reference only)

(2) The agreed baseline year is 2010 (to be inserted in brackets in the top row). If for the chosen indicator, there are no available data for 2010, it is advisable to refer to the following years – 2011, 2012. The year of reference may not be the same either for all indicators selected due to a lack of data availability; in this case, the year should then be inserted in each cell in brackets. The baseline value may be "0" (i.e. no reference values are available as the Action represents a novelty for the beneficiary) but cannot be left empty or include references such as "N/A" or "will be determined later".

(3) The target year CANNOT be modified.

(4) This will be a useful reference to continue measuring the outcome of IPA II support beyond the 2014-2020 multi-annual financial period. If the Action is completed before 2020 (year for the performance reward), this value and that in the 2020 target column must be the same.

5. SECTOR APPROACH ASSESSMENT

Kosovo government has prepared the **IT Strategy**. The overall goal of the sector strategy is that the IT sector becomes the main driver for economic growth, employment and innovation by 2020 through increasing the international competitiveness of the Kosovo IT industry based on digital excellence.

The purpose of the IT strategy as the main sector document is to elaborate a specific strategy for promoting the development of the Kosovo IT industry in order to promote digital transformation and supporting Kosovo in becoming a knowledge-based economy. The main beneficiary and target group of the strategy is the Kosovo IT industry. Related topics such as IT infrastructure and e-government have been covered by other strategies.

Pursuant to Annex 18 of Regulation No. 02/2011 on the Areas of Administrative Responsibility of the Office of Prime Minister and Ministries, MED has also the following competencies in regard to Information technology:

- To support information technology, innovations, and electronic trade;
- To support access to technology for all Kosovo citizens;
- To stimulate the development of information technology training systems;

In this regard, MED was the driving force for the preparation of the IT strategy and has, with support of different donors, successfully started and implemented several projects.

MED also established **Steering Committee for the Kosovo Digital Economy** in order to promote cooperation among the Kosovo IT industry and the government. The 'Steering committee for the Kosovo Digital Economy,' is composed by representatives of Kosovo central institutions (MED, MEST, MLSW, MEI), representatives of Private Sector (STIKK, representatives of the private sector) and Academia. Besides these, the 'Steering committee for the Kosovo Digital Economy' is covering donor coordination as representatives from donor community are included in its work. Good cooperation from donor community is in particular visible in support to project Women in Online Work, as three phases of the project are funded by three different donors (World Bank, USAID and EYE project – funded by Helvetas Swiss Interoperation).

6. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

It is expected that the action will encourage the participation of women in order to address gender gaps that remain in certain areas of Kosovo despite of the fact that women's equal rights in Kosovo are guaranteed with the Law No. 05/L -020. Women as potential entrepreneurs, women being employees of businesses and businesses owned by women will be prioritised as recipients of training.

Activities in this action will be implemented in accordance with EU Strategy for Equality between Men and Women 2010-2015, which spells out key actions under five priority areas, equal economic independence, equal pay for equal work and work of equal value, equality in decision-making, dignity, integrity and end to gender-based violence, gender equality in external actions.

EQUAL OPPORTUNITIES

During the implementation of activities under this action document, the principles of equal opportunities and non-discrimination shall apply, so that participation in the action will be guaranteed on the basis of equal access regardless of sex, ethnic origin, religion or belief, disability, age, etc. Gender equality incentives are incorporated particularly in activities concerning capacity building, as well as through the monitoring mechanism, whereby some of the indicators are structured so that data shall be disaggregated by gender, etc. The proposed action has equal opportunity employment for all included people with disabilities. An appropriate men/women balance will be sought in different stages of action.

MINORITIES AND VULNERABLE GROUPS

The impact of the Action on equality of opportunity will be factored into the implementation of the action, as will also tackling discrimination against minorities and other vulnerable and disadvantaged groups. Minorities are to be treated equally, as guaranteed by Amendment No. 59 to the Constitution of Kosovo. Minorities and vulnerable groups as potential entrepreneurs, employees of businesses and businesses owned by minorities and vulnerable will be prioritised as recipients of training.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER STAKEHOLDERS)

The Action will take into account potential Civil Society inputs and civil society/stakeholder involvement will be taken into consideration in order to support civil society organisations to strengthen their capacities and professionalism, in thematic areas relevant to the action. Kosovo ICT Association - STIKK and ICK are important stakeholders as part of the Steering Committee of the action.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Although it is expected that the implementation of the action will have no impact to the environment, environmental consideration will be taken into account when applicable

7. SUSTAINABILITY

Taking ownership of the Action from the beneficiaries' side is of utmost importance for its sustainability. This relates to the direct beneficiary of the action (MED) which will ensure the right operation of developed mechanisms after conclusion of the action.

The action requires a wide base of policy partners and stakeholders (public institutions, ICT businesses and academia), which means a strong coordination role from MED is needed. Cooperation among all partners is very much required to achieve the success of the action. Sustainability will be ensured through several aspects that will be developed under the below-mentioned activities:

- MED and several members of the Steering Committee will continue to issue **IT Barometer** on yearly basis beyond the implementation period of the action, that will ensure to reflect the demand and needs of the Kosovo IT businesses and global IT trends, for quality and quantity of experts in digital skills.
- **Trained ICT workforce** will have the opportunity to start their own business with the support of the ICK or in the Technology Park in Bernica (currently being developed with the support of the MED). Furthermore, the Technology Park in Bernica, will ensure that ICT workshops, events and ICT fairs will be conducted in a yearly basis.
- **VTC centres** with up to date equipment's, will serve as a permanent place for increasing ICT capacities and capabilities of potential ICT workforce and ICT businesses. These centres will be used for conducting regular workshops with regard to ICT labour and market trends which will also be relevant for the regional and local (municipal) level.
- **The development of the web-portal**, (managed by Steering Committee for the Kosovo Digital Economy) will ensure up to date information and documentation useful for ICT businesses serving as a market intelligence tool. This will ensure that potential ICT workforce and ICT businesses will continue to be informed on latest ICT trends as well as business trends at local and international markets.
- **Support to ICT businesses** - will have big impact on improvement of their export capabilities and having right expertise.
- **Training of Trainers** - Sustainability is also ensured through the programme by identifying the best performing trainees to create the basis for the development of the Training of Trainers which is foreseen to be integrated later into the ICT training system.

8. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

Representatives of the EU Office will be present in opening and other important events of the action.

Through the supporting activity "Development of awareness plan and delivery" communication strategy with identification of target groups and visibility activities will be prepared in order to pull existing resources and create maximum impact for promotion of the project and efficiency of the trainings to be provided. Besides, in the communication strategy target groups will be further identified as recipients of the specific information, the key messages will be adjusted for the specific target groups and the communication approach will be set up.

Indicatively, the following actions and tools should be carried out: definition of visual identity standards; preparation of written materials (factsheets, training compendia, manuals, etc.); production of branded material (panels, folders, promotional material); website; events (trainings, retreats, workshops, round tables, initial and closing events).