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Ministria e Industrisë, Ndërmarrësisë dhe Tregtisë

Ministarstvo Industrije, Preduzetništva i Trgovine - Ministry of Industry, Entrepreneurship and Trade

Competitiveness and Export Readiness Project

MATCHING GRANTS PROGRAM

February, 2023

Matching Grants Program - MGP Newsletter - 2022 edition contains key achievements throughout this year summarized in four main topics:

- Project implementation - 2022
- Grant disbursement
- Environmental impact
- Success story

We hope you will enjoy reading our impressive joint achievements and results, and we wish you a prosperous 2023!

ABOUT THE MATCHING GRANTS PROGRAM

The Ministry of Industry, Entrepreneurship and Trade (MIET) of the Republic of Kosovo is responsible for the implementation of the Competitiveness and Export Readiness Project (CERP), amounting to EUR 14.30 million, as a soft loan granted by the World Bank.

The purpose of the Matching Grants Program is to support micro, small and medium-sized enterprises (MSMEs) with direct export potential:

- i) *To fulfil requirements to implement standards and product conformity required for export markets,*
- ii) *To enhance capabilities for export readiness, and*
- iii) *To gain access to Business Development Services.*

MIET has established the Grants Management Unit within the Matching Grants Program and during the first phase, 25 grants were awarded to selected companies from Kosovo. The project has been restructured to respond to the changing needs of firms also as a result of the COVID-19 pandemic.

Subcomponent 1.1: Supporting micro, small, and medium-sized enterprises to improve export readiness (EUR 10.40 million) as part of the Competitiveness and Export Readiness Project, is important for operating the Matching Grants Project (MGP).

As part of the restructuring of the CERP program and expansion of the grant program, in response to the COVID-19 pandemic, the MGP management was transferred to the Prishtina REA & WEglobal consortium, under the direct supervision of the Project Implementation Unit (PIU) of CERP and MIET through an international open tendering process.

Activities funded by MGP, under restructuring and expansion include:

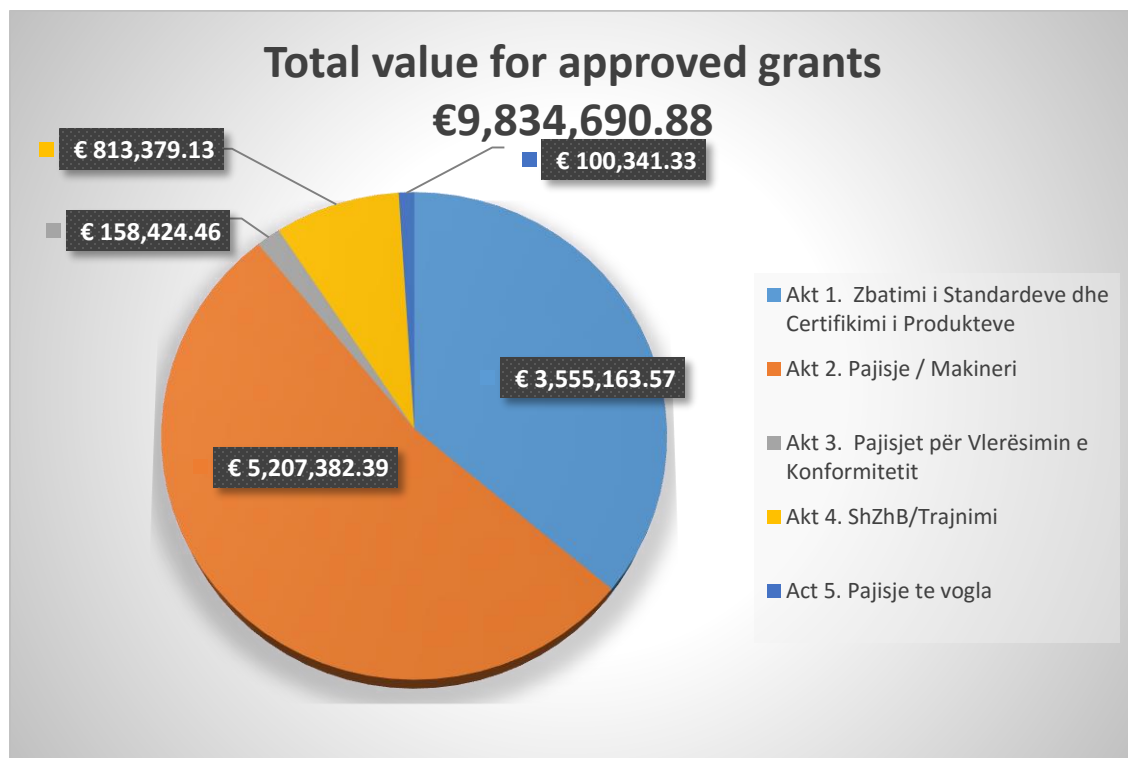
Activity 1. ISO Standards and Product Certification

Activity 2. Manufacturing machinery

Activity 3. Conformity assessment equipment

Activity 4. Business development support services

Activity 5. Small devices specifically dedicated to digital advancement.



MATCHING GRANTS PROGRAM IMPLEMENTATION PROCESS

With the second wave of the call for applications open in July 2021, **over 500 applications were received, and 142 of them were selected** and evaluated by the ***independent grant selection commission***.

The MGP team organized regional and sectoral briefings to promote the call and explain the objectives, criteria and support activities.

The Grant Agreements were signed on 25 March 2022, with a duration of one year.



KEY EVENTS

Following the previous events and briefings organized for the promotion of the Matching Grants Program, the grant agreement signing ceremony took place, bringing together grant beneficiaries and key program stakeholders.

TRAINING SESSION

Implementation of Grants and Procurement Procedures

Intensive training sessions on grant implementation and procurement procedures were delivered to all grant beneficiaries, covering key topics:

- terms and conditions of project implementation
- procurement and contracting rules and conditions
- reporting, implementation of activities and grant payment

Follow-up activities related to grant implementation and procurement procedures have been continuously communicated to the beneficiaries, addressing various problems; clarifying questions about the project implementation or procurement activity procedures.

The FAQ and Q&A sections on the MGP platform are constantly updated, providing questions and answers. In addition to the MGP website, email addresses and social media channels have always been used to disseminate the latest FAQ and Q&A news to beneficiaries.

OWNERSHIP OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES (MSMEs) BY GENDER

The Matching Grants Program considers the contribution to improving gender equality and supporting women in entrepreneurship through its direct impact on inter-sectoral issues and activities.

Encouraging entrepreneurship and supporting women-owned MSMEs affects economic and social growth, contributing to the generation of stable jobs, developing and promoting women's businesses, new products and innovations, facilitating connections with supply chain values, etc.

The Matching Grants Program has greatly contributed to the achievement of this goal, adding 10 additional points to women-owned MSMEs during the evaluation of applications, resulting in a large number of applications and a satisfactory number of women-owned beneficiaries.

Out of 137 beneficiaries, there are 20 companies owned 100% by women, 8 of them own 51% to 80% of the ownership of shares of MSMEs and 4 MSMEs own 20% to 50% of the ownership of the shares by women.

KEY DATA FROM ACTIVITIES IMPLEMENTED BY GRANT BENEFICIARIES

The implementation of the activities by the grant beneficiaries is continuously monitored by the Implementation Unit (Prishtina REA & WEglobal) through regular periodic reports, activity reports, reports uploaded to the online platform and regular monitoring visits.

So far, the key data of the activities implemented by the grant beneficiaries show great achievements taking into account the essential difficulties encountered, for example, price increases in the supply markets, such as prices for production machinery, equipment and services, and then the delay in receiving the machines and equipment ordered as a result of the crisis in global developments.

Other activities	Number of activities	Number of procurement procedures approved by activities	Implemented	Paid	Being implemented	Unapproved procurement procedures	Pending
<i>Activity 1. Implementation of Standards and Certification of Products</i>	129	106	36	22	1	23	22
<i>Activity 2. Equipment/Machinery</i>	125	99	53	40	3	26	40
<i>Activity 3. Conformity Assessment Equipment</i>	8	4	1	1	0	4	1
<i>Activity 4. BDS/Training</i>	94	48	28	19	9	46	19
<i>Activity 5. Small devices</i>	29	18	8	8	1	11	8
TOTAL	385	275	126	90	14	110	90

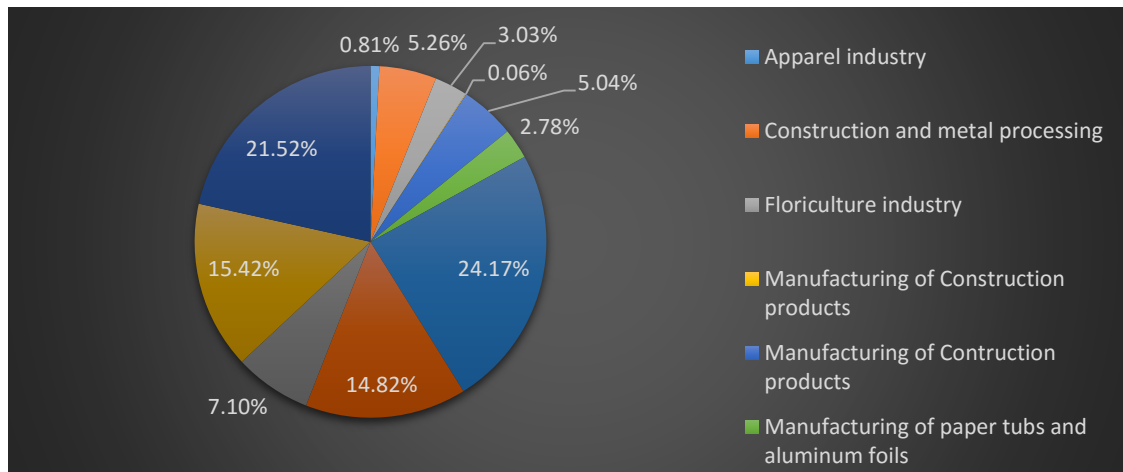
IMPACT ON SALES AND EXPORTS

The development of new markets and the rapid growth in MSMEs exports show an immediate positive impact, such as the impact of the Matching Grants Program, through its support provided for the certification of products and ISO standards towards export markets, strengthening competition of SMEs oriented to production for export and improving the digital transformation.

According to the beneficiaries’ sales register monitored by the MGP, MSMEs exported €2.07 million more in 2022 compared to the previous year.

Comparing the value of the increase in export by the MSME size, small enterprises (10 to 49 employees) have increased their export by €1.44 million.

Most of the increase in exports, about 24.17% was achieved by the metal processing sector, 21.52% by the production of construction products and 15.42% of the total sales reported in international markets were exported by companies having PVC, aluminium and glass processing as a primary activity.



Note: the MSMEs sample was selected using the random method.

The improvement of business development processes such as Standards and Product Certification, investments in production machinery and equipment, improved capacities related to conformity assessment, business development services and digital advancement of an enterprise led to the development of human resources as well.

Key indicators show an impressive impact on creating employment prospects from the Matching Grants Programme. The comparison of the basic 2021 data and the reports related to employment in 2022 until now, show that about 115 new employees have been engaged by the grant beneficiaries who are already in the grant implementing stage.

STANDARDS AND CERTIFICATION OF PRODUCTS - EXPORT SUPPORT AND DEVELOPMENT OF NEW MARKETS

Specific conditions, regulations, certifications and/or standards are mandatory for export to international markets. Almost, every country defines the standard by relating it directly to the quality, safety, environment and other conditions, as well as to the products or services offered thereof.

The MGP program grant beneficiaries are progressing towards achieving certification of their products/services, and obtaining Quality Management Standards and Environmental Management System. The following table shows the most requested types of international standards and certifications of products implemented and under certification by our beneficiaries.

CE Mark	# 20 products
Laboratory chemical analysis	# 15 products
Laboratory microbiological analysis	# 11 analyzes for 15 products
Global GAP	# 4 companies
HACCP Hazard Analysis and Critical Control Points	# 2 company
ISO 27001:2013 Information security management system	# 2 companies
ISO 14001:2015 Environmental management system	# 28 companies
ISO 22000:2018 Food safety	# 4 companies
ISO 45001:2015 Occupational health and safety	# 21 companies
ISO 50001:2018 Energy management system	# 7 companies
ISO 9001:2015 Quality management system	# 27 companies
ISO PAS 99 Integrated management system	# 1 company

ENVIRONMENTAL IMPACT

All the applications received and selected for funding have provided a detailed explanation regarding the environmental management system they use or plan to use under the MGP support.

Depending on the primary business activity, some requirements and certifications are mandatory according to state legislation. 28 grant beneficiaries are implementing ISO 14001:2015, an environmental management system that an organization can use to improve environmental performance. ISO 14001:2015 is intended to be used by an organization seeking to manage its environmental responsibilities in a systematic way that contributes to the environmental sustainability pillar.

A list of MGP grant beneficiaries who have engaged in environmental protection through recycling and similar business activities is presented below:

- **REC PLAST LLC**
- **AL-TEC LLC**
- **MSM LLC**
- **BTP HOLDING**

PROJECT IMPACT ON THE ENVIRONMENT



REC PLAST LLC invested in recycling machines, contributing to the environment through the collection of plastic waste and recycling.

REC PLAST, a plastic waste recycling company located in Vitimirica/Peja, invested through project funding in a plastic pelletizing machine, also known as a plastic granulator, which is mainly used for the processing of industrial and agricultural plastic waste. The plastic pelletizing machine is suitable for the most common plastic waste such as PP, PE, PS, ABS, PA, PVC, PC, POM, EVA, LCP, PET, PMMA and other plastics regeneration as well as mixed colour granulations.

The MGP support will enable REC PLAST to expand its business model, which will also contribute to environmental protection by managing the proper collection of recyclable waste capacities. The business model will also create favourable conditions for sustainable employment of informal collectors involved in this sector by formalizing them. The beneficiary is focused on expanding and entering the market of Turkey and Germany by exporting plastic content granules.



AL-TEC LLC invested in equipment to contribute to protection against pollution from animal waste.

AL-TEC LLC is the producer of Poppins, a Kosovo brand of dog and cat food, approved by KVFVA, for the processing of animal waste.

The new ISO standards obtained through the Matching Grants Program pushed the company a step forward in its expansion venture, especially in export, as such standards are critically needed to operate in the EU market.

AL-TEC LLC is certified under ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 22000:2018 Food Safety Management.

The beneficiary has also increased the production capacity from 250 kg/hour to 400 kg/hour, through the investment in the Pre-conditioner for the processing of food proteins. Previously, AL-TEC LLC barely covered the needs of the country's market. In fact, Poppins is in negotiations with a partner from Albania, and will soon start exporting there as of the beginning of 2023.

The second piece of equipment, funded by the MGP project, is the Dry Room, which will enable new products on the market as treats for pets, such as big nose, pig ears, cow horns, etc. These products have a very good profitability ratio as the raw material is easily available at a cheap price and easy to prepare as well. In this direction, AL-TEC will also contribute to environmental protection, since these animal wastes are thrown away and not used for anything else.

MSM LLC - Kosovo exporter of animal food to the USA

MSM LLS is also a pet food manufacturer located in Prizren. Records available on MSM LLC from the US Customs Registry indicate that the beneficiary is a regular exporter of its products to several companies, primarily in Florida.

To increase its capacities, MSM LLS is investing in new equipment such as a Room refrigerator with a temperature range of +2/+10c, a dryer with dimension 85m³, a maximum temperature of 90c, a digital regulator and thermal insulation with 8cm mineral wool panels, equipment for leather processing with a capacity of 180 litres, electric power 1.5 KW, stainless steel material, equipment for cutting meat with bones with a capacity of 600 kg/hour stainless steel material etc.

MSM LLC is also implementing HACCP (Hazard Analysis Critical Control Point) defined as a management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards from raw material production, procurement and delivery to the production, distribution and consumption of the finished product. The purpose of HACCP is to prevent and reduce the occurrence of food safety hazards.

Shpati-AM and its Viola brand



Shpati-AM was established in 2004 in the Republic of Kosovo and ever since has become an important producer in Kosovo. During these years, the company specialized in manufacturing flexible pipes and establishing commercial relations with businesses in Kosovo and exporting to European markets.

The product profile includes a brand called VIOLA. Owing to the project, Shpati-AM invested in new equipment Hose crimper machine and Assemble sleeve machine. The company is also certified under ISO 9001:2015 - Quality Management System.

<https://www.youtube.com/watch?v=tkzm-UdQce0>

S//Sprint - manufacturer of textile products



S//SPRINT is among the largest domestic companies in the textile manufacturing sector with the highest quality and highly efficient. S//Sprint is a fast-growing business, highly challenging domestic and international competition, and has developed a recognizable brand identity. S//Sprint is engaged in manufacturing sportswear, women's wear, blouses, shirts and sweatshirts, women's pants/shorts etc., which are very attractive, classy clothing, creating a new popular brand 'S// Sprint', replacing imports of similar products. Due to the work dynamics and the demand for presence in the market, the company has increased the production capacity, triplicating the number of workers (over 92% women).

S//Sprint aims to become the best leading model of a growing business, including a valuable supply chain under its management and manufacturing its raw material, as the best example in the country, providing stable stability and high quality in the sales market.

Owing to the project, S//Sprint has invested and has been certified under ISO 9001:2015 - Quality Management System and ISO 14001:2015 -Environmental Management System, as well as automatic cutting machines, aiming to meet the market EU demands and expectations.

<https://www.facebook.com/watch/?v=697187038488411>



**BKM AGROKRUSHA LLC - installed the full automatic
AJVAR production line**

BKM AGROKRUSHA LLC is located in the agricultural village of Krusha e Madhe in the Municipality of Rahovec, Kosovo. It is run by Emire Duraku, a successful businesswoman who manages to cultivate about 15 hectares of vegetable crops for the production of Ajvar and pickles.

MGP Kosovo supported BKM AGROKRUSHA to invest in the complete Ajvar production line, vegetable washing machine, selection belt, milling machine, packaging and jar filling machine, oven, pasteurizer and automatic packaging machine. The production line helped them to transfer their production from a manual to an automatic manufacturing process.

BKM AGROKRUSHA is now also certified under the ISO 9001:2015 - Quality Management System, ISO 14001:2015 - Environmental Management System and HACCP.

The company expects to increase its export sales by 20% while its target countries are France and Albania.



Heinze LLC invests in advanced machinery intending to launch a new product

Heinze LLC is among the rarest factories globally that produces the newest innovative product, called Cobiax. Over 90% of the production is exported to the EU and USA markets. Owing to the MGP Project, Heinze LLC invested in a new machine Litz DV-1000 Vertical Machining centre, which includes high-end machining features such as a direct drive axle, oil cooling split system and optional chip conveyor belt. The DV-800 also has a full-control rotatable digital control panel, function display and diagnostic displays. The new machine allows for extreme cutting precision and repeatability.

Heinze LLC has also implemented and is certified under the Quality Management System ISO 9001:2015, Environmental Management System ISO 14001: 2015 and Occupational Health and Safety (OHS) Management System ISO 45001:2018. As a result of the MGP Project, Heinze LLC anticipates an increase in its export by more than 7% and the launch of a new Powerbox product.

New plastic injection moulding machine for AEG SHARR LLC



AEG SHARR was founded in 2002, located in Dragash and is specialized in manufacturing plastic packaging for the food and chemical industry.

The key activity of the company is manufacturing packages using mainly PET, PE and HDPE which are mainly used in the beverage industry, dairy industry, chemical industry, production of shampoos and detergents, cosmetics and pharmaceuticals. AEG SHARR manufactures over 200 different products.

Owing to the project, the beneficiary invested in the plastic injection molding machine which is specially designed for high-speed molding of packaging products such as lids, closures, fast food containers and other thin-walled products. It also uses advanced technology to provide the best design and reliable performance with a short mold cycle time.

The beneficiary is also implementing and will soon be certified under ISO 9001 - Quality Management System, Occupational Health and Safety (OHS) Management System - 45001 and ISO 28000 - Safety Management System.

AEG Sharr is also in the Plastic JAR 1300 testing procedure for introducing the CE MARK which plays a vital role in guaranteeing product safety for export to the European Economic Area (EEA).

AEG Sharr expects a 20% increase in exports after the implementation of the project and approximately 5 new employees in 2023.

*We will come back with full positive energy
and motivation on 3 January 2023.*

*We know that 2023 will be a challenging year,
with many new challenges and developments,
so the Matching Grants Program wishes you all a happy and fruitful 2023!*