

# Economic Development for the Stabilisation of the Labour Market in Kosovo

## Entrepreneurship Promotion

### The challenge

As the youngest country in Europe, Kosovo is faced with a variety of economic problems such as unemployment, poverty and corruption. Kosovo's economic growth is mainly based on public investment and remittances. Hence, the creation of a vibrant private sector is important to boost economic growth in order to reduce poverty and generate jobs. To develop and build sustainable solutions for different sectors in Kosovo, it is crucial to develop and support a well functioning entrepreneurship ecosystem.

While Kosovo's economic situation is improving slowly but constantly, there is still a lack of economic reforms and investments in the country. Companies are often ill-prepared and face challenges in competing in the digitalized world. Furthermore, productivity and innovative strength of Kosovar micro, small and medium sized enterprises (MSMEs) is often insufficient because of a lack of access to finance and skilled staff. Thus, the productivity and innovativeness of Kosovar companies, as well as the competitiveness of products and services - domestically and on international markets – are often low.

Kosovo's medium to long-term political goal is to firmly establish itself economically in the region.

### Our approach

The focus of the project lies on:

- Strengthening support structures for the private sector with a focus on capacity development of Business Membership Organisations (BMOs) in different sectors
- Supporting the improvement and further development of Business Development Services (BDS) which are offered to the private sector through BMOs

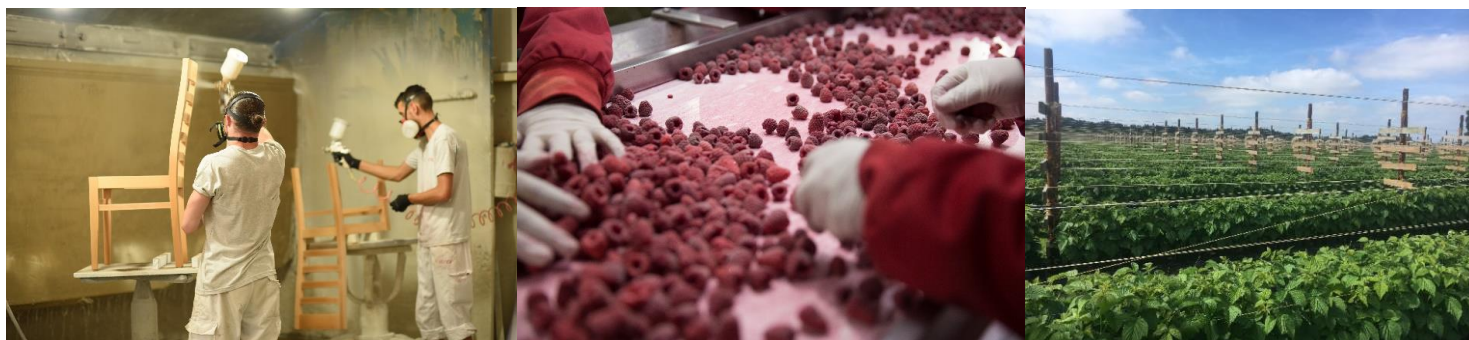
- Supporting the improvement of government instruments for economic development.

The project supports the Kosovar government, in particular the Ministry of Industry, Entrepreneurship and Trade (MIET) and the Ministry for Agriculture, Forestry and Rural Development (MAFRD), in improving the capacity of the public administration to design, coordinate and implement business promotion instruments in a targeted manner.

The project contributes to strengthening the economic linkages to the EU common market. It supports MSMEs in increasing their competitiveness and helps to gradually create a better business environment. This is a key objective of the Stabilization and Association Agreement and the ongoing process of rapprochement between the EU and Kosovo.

By addressing the competitiveness of Kosovar MSMEs the project supports employment opportunities, with a special focus on returnees and women.

Project name	Economic Development for the Stabilisation of the Labour Market in Kosovo
Commissioned by	The German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Kosovo
Political partners	Ministry of Agriculture, Forestry and Rural Development (MAFRD) Ministry of Industry, Entrepreneurship and Trade (MIET)
Duration	01.07.2021 – 31.12.2028



## Areas of action

### Policy support

The project aims at supporting the public administration in harmonizing and aligning private sector development instruments. To this end, the project cooperates with the MIET and the MAFRD. One goal is to support MIET in the development of a concept to promote start-up companies and entrepreneurs. Another focus of the consultancy will be to design funding programs (e.g., in terms of access eligibility and selection criteria) in such a way that the respective target group of companies can benefit from funding.

In the agricultural sector, MAFRD is advised on the design of support programs for agricultural enterprises such as producers and processors of agricultural products. The support also focuses on the development of criteria for the awarding of grants and subsidies to agricultural enterprises in accordance with EU standards. These grants aim to increase productivity, on the one hand, and on the other hand, to provide incentives for ecologically oriented agriculture.

### Organizational development and improvement of service delivery

The project aims to expand the range of services offered by BMOs for the private sector by conducting capacity development in different sectors. The services are developed according to the needs of the companies. By using better quality Business Development Services, the companies can potentially improve the quality of their services and products and gradually increase their competitiveness. The Business Development Services offered can include, for example, business support initiatives to access regional and international markets, assistance regarding digital transformation, or consulting services for more sustainable production.

### Human capacity development

The project supports the improvement and development of demand-oriented qualification and further training offers provided by BMZs to MSMEs. With more skilled labour, processes can

become more efficient and higher quality products can be manufactured. The central principle of all supported qualification and further training offers is the practical orientation and involvement of companies (e.g., through internships, trainings in the field).

## Highlights

### Policy support to MAFRD

- ✓ Functional review of the Kosovo Agriculture Institute
- ✓ Supported the workload analysis of the Managing Authority and the Agency for Agriculture Development
- ✓ Mapping Economic Opportunities in Kosovo's Rural Areas for Inclusive Rural Support
- ✓ Supported the implementation of the Strategy for Advisory System for Agriculture and Rural Development 2023-2027
- ✓ Supported research on biodiversity conservation and sustainable management of natural fish resources

### Policy Support to MIET

- ✓ Supported the drafting of the Law on Innovation and Entrepreneurship
- ✓ Supported the drafting of the Smart Specialization Strategy for Kosovo
- ✓ Supported the drafting of the trade policies package and the legislative agenda of 2023 regarding entrepreneurship and innovation
- ✓ Analysis of the Value Chains in metal, food and beverages, ICT, chemical sectors
- ✓ Analysis of framework conditions for business support
- ✓ Supported the drafting of the Strategy on Industrial Development and Business Support 2030
- ✓ Supported the enhancement of public-private dialogue

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Published by Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

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As at May, 2025

Design GIZ

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GIZ is responsible for the content of this publication.

On behalf of Federal Ministry for Economic  
Cooperation and Development (BMZ)