 **USAID Kosovo Compete Activity**

**Annex A**

**Scope of Work**

## Project Background

The USAID Kosovo Compete Activity (hereinafter “USAID Compete”, “Compete”, “Activity” or simply “Project”) is a five-year project implemented by DT Global, in consortia with Recura Financials and US-based Canopy Lab, that aims to promote resilient, self-sustaining market systems, and facilitate the private sector’s improved competitiveness in local, regional, and global markets. USAID Compete works to empower firms, organizations, and institutions to improve market systems in three key export-oriented sectors (Information and Communications Technologies (ICT), wood processing, and food processing) and sustainably increase their competitiveness. By working to address constraints across the system, USAID Compete will enable scalable and systemic change to occur, stimulating job creation and the private sector’s increased ability to engage in local, regional, and international markets. A market systems perspective sees a market as a dynamic, evolving ecosystem that is the product of its past, its context, its components (firms, consumers, government, etc.), and the interactions between its components. A successful market systems program pushes that ecosystem in a promising direction, toward a more sustainable growth pathway and with greater inclusive benefits for marginalized groups.

The expected goals of the Project across all three sectors are:

1. Market systems are strengthened to increase sector competitiveness; and
2. Market actors within those market systems are more productive and competitive.

The USAID Kosovo Compete Activity has five functional areas, and through interventions, within these five functional areas aim to reach the above-mentioned goals and objectives. Five functional areas include the following:

* Market Access interventions aim to expand the private sector’s ability to access export markets by linking local companies with diaspora and foreign businesses, promoting diaspora-led sales channels, facilitating the promotion of Kosovo-made products and services through online channels, supporting the integration of local suppliers in international franchise networks, and supporting country brand promotion outreach.
* Diversified Finance interventions aim to facilitate access to finance for Kosovo businesses through more adaptable and tailored financial products by working with key financial industry stakeholders to consider introducing export financing and working capital financing options, improving access to capital through leasing options, improving investment readiness to attract outside financing, and supporting initiatives on alternative investment vehicles.
* Business Sophistication interventions aim to influence the path-to-maturity of the private sector regarding internal standards, processes, and systems, by facilitating the adoption of process optimization methods, corporate governance systems, the key product, process, and personnel certifications needed to export, and encouraging cross-industry collaborations through the so-called “design thinking.”
* Skills Development interventions aim to address the non-availability of skilled workforce in the selected sectors by supporting the growth of private VET providers in the Project’s focus sectors, introducing new executive programs in formal education at the tertiary level geared to industry needs, including promoting careers among women and youth.
* Supporting Business Environment interventions aim to address key sector-level regulatory and institutional challenges by empowering various actors such as the government to offer commercial diplomacy services, support industry associations to improve their effectiveness, and support various initiatives related to national strategies and regulations that improve sector competitiveness.

## Scope of Work

*A: Purpose of the Impact Assessment*

USAID Compete is a five-year project that began in August 2020. The Project had an inception phase of several months during which it assessed the main constraints of its focus sectors (wood processing, food processing and ICT). During the inception phase, respective sector action plans were subsequently produced, including the relevant annual work plan.

The active implementation phase of the project started on March 1, 2021. The first impact assessment already conduced covers the period from March 1, 2021 until March 1, 2022. The purpose of this impact assessment, thus the second one, is to assess and evaluate the impact of all activities conducted from **March 1, 2022 until June 30, 2023**; in all three sectors, including Modular Homes as a sub sector and across all five functional areas of the Project. The impact assessment is envisaged as part of the USAID Kosovo Compete’s monitoring and evaluation plan to capture results and lessons learned. The information delivered will be used to contextualize ongoing interventions and undertake necessary adaptations if needed.

The impact assessment will gather information regarding mid-stage project implementation with a focus on finding out whether efforts are unfolding as planned, addressing obstacles and barriers, or uncovering unexpected opportunities that may have emerged, and identifying possible adjustments and corrections which can help ensure the project’s success.

**Key evaluation questions include (but are not limited to) the following[[1]](#footnote-1)**:

* *Are market actors more competitive within three key focus sectors?*
1. Did market actors (private sector enterprises) improve export growth? Did market actors increase the value of exports sales? Define the value increase per company/sector.
2. Did market actors (private sector enterprises) enter a new export country/market with their products/ services?
3. Did market actors (private sector enterprises) increase their investments (capital expenditure), types of investments, and value of investment by actor/sector?
4. Did market actors engage with diaspora buyers? Types of engagements. Values.
5. Did market actors train new people? Number of trainees upskilled vs. jobseekers. Types of trainings.
6. Did private sector enterprises and other relevant entities (as applicable) hire new people? Were these new employees trained?
7. Did market actors identify innovative and private-sector-driven workforce development initiatives that are more likely to scale? Were these trainings new for the company or new in the sector/or new for the market actor(s)?
8. Did market actors (private sector enterprises) employ new people? Was hiring part-time, full-time or seasonal. What is the number of people employed per market actor/ sector?
9. Did market actors (private sector enterprises) create domestic/ international linkages because of the USAID Compete Activity?
10. Did trading partners of the beneficiary firms in the value chain increase exports, investments, market linkages and jobs (*indirect impact*)?
11. Did market actors (private sector enterprises) get any type of standard/ quality certification(s)? Identify the number of new product quality certifications obtained.
12. Did market actors (private sector enterprises) access new sources of finance? Provide value, types and for what purpose.
13. Overall, what is the value of exports, number of international trading partners, number of employees, key export destinations for each company?
14. Results disaggregated per each activity and each sector should be provided.
15. Results per each trading fair should be provided (Expo Dubai, TNW Amsterdam, Swiss Bau, Modular Homes Expo Zagreb, 2023 World of Modular -Las Vegas, IMM and possibly others)
* *Are market systems strengthened regarding three key focus sectors?*
1. Were there any service(s) developed to respond to the needs of market actors aiming to expand, develop and invest in increasing sales and export channels? If yes, how? Did the Project’s support result in new products/services for the three focus sectors?
2. Did Kosovo-based companies start to collaborate (exchange of know-how, financial agreements) with new diaspora-based companies. What was the type of collaboration?
3. Did Kosovo-based companies integrate and digitalize processes and functions towards improving performance? What types of digital processes were adopted? What type of support was provided and where did this support come from (domestic companies vs international companies)?
4. Have sector associations (food processing, wood processing, ICT sector) services improved? Has their membership increased? Has their revenue increased?
5. Do market actors have more access to market-relevant information? From what sources?
6. Have Kosovo-based companies adapted their business organizational structure based on corporate governance principles? What were the results of these adaptations?
7. Is the secondary market for machinery equipment available and how are Compete’s interventions supporting the growth of such a market?
8. Are services offered by supported machinery maintenance/repair service providers being used by market actors?
9. Were there new services/products developed by market actors using Design Thinking (DT) Process?
10. What changes have been made due to Corporate Governance one to one coaching, Lean Manufacturing Workshops?
11. What changes have been made due to other professional trainings (CNC, Interior Design, Industrial painting and other) facilitated by Compete?
12. How banks are responding toward Export Finance Window?
13. Consider the sustainability of new behaviors adapted by market actors.

The selected service provider is expected to base their answers on empirical evidence, not subjective opinions, and identify any sources and standards of evidence required (for example, if the information is obtained directly from beneficiaries, degree of data validity and trustworthiness). In addition, disaggregation by region/ gender/ youth /sector/ minorities is needed.

*B. Evaluation Methods*

In this section, the strategy and design for casual attribution are elaborated further. Because USAID Compete takes a market systems approach to its work and works with associations that represent many actors in each sector, it is deemed not feasible to define a control or comparison group for this research. As such, the assessment is confined to using evidence of the Project’s work and evidence of changes in beneficiary firms to draw conclusions regarding the impact of USAID Compete’s interventions.

Causal attribution, as described by OECD, is the attribution of a causal link between observed changes and a specific intervention. This definition does not require that changes are produced solely or wholly by the project. In other words, it takes into consideration that other causes may also have been involved, often referred to as *external factors.

The envisaged impact assessment’s methodology is expected to be the following:[[2]](#footnote-2)*

* **Theory Based Contribution Analysis**: The assessment is expected to follow a *Theory-Based Contribution Analysis (TBCA) approach* to answering the evaluation questions. TBCA is an established methodology commonly used in situations in which comparison or control groups are unavailable. It is useful for producing “a credible, evidence-based narrative of contribution that a reasonable person would be likely to agree with, rather than to produce conclusive proof.”[[3]](#footnote-3) In this case, it is an appropriate methodology. USAID Compete Activity has developed theories of change for all its interventions. Through the above-mentioned methodology, these theories will be assessed and validated.

An evaluation matrix (see below), showing which data collection and analysis methods to be used, will be utilized to answer each evaluation question, and then identify and prioritize data gaps that need to be addressed by collecting new data.

Evaluation matrix table: matching data collection to key evaluation questions

|  |  |  |  |
| --- | --- | --- | --- |
| **Key evaluation questions** | **Face to Face survey with beneficiaries (3 sectors, quantitative method and Modular Homes sub sector)**  | **In depth interviews with partners (ex. sector associations, other organizations, etc.)** | **Project records/ observations of project implementation / possible interviews or meetings with staff members**  |
| Did market actors (private sector enterprises) improve export growth? Did market actors increase the value of exports sales? Define the value increase per company/sector? |  |  |  |
| Did market actors (private sector enterprises) enter a new export country/market with their products/ services? |  |  |  |
| Did market actors (private sector enterprises) increase their investments (capital expenditure), types of investments (diaspora or other), and value of investment by actor/sector? |  |  |  |
| Did market actors engage with diaspora buyers? Types of engagements. Values.  |  |  |  |
| Did market actors train new people? Number of trainees upskilled vs. jobseekers. Types of trainings.  |  |  |  |
| Did they hire new people? Were these new employees trained? What type of training? Disaggregated by sector/subsector.  |  |  |  |
| Did market actors identify innovative and private-sector-driven workforce development initiatives that are more likely to scale? Were these trainings new for the company or new in the sector/ or new for the market actor? |  |  |  |
| Did the market actors (private sector enterprises) employ new people? Was hiring part-time, full-time or seasonal. What is the number of people employed per market actor/ sector? Employment by gender, youth, and minority.  |  |  |  |
| Did the market actors (private sector enterprises) create domestic/ international linkages because of the Compete Activity? |  |  |  |
| Did trading partners of the beneficiary firms in the value chain increase exports, investments, market linkages and jobs *(indirect impact)*. |  |  |  |
| Did market actors (private sector enterprises) get any type of standard/ quality certification. Identify the number of new product quality certifications obtained.  |  |  |  |
| Did market actors (private sector enterprises) access new sources of finance? Provide value, types and the purpose of the financing. |  |  |  |
| Overall, what is the value of exports, number of international trading partners, number of employees, key export destinations for each company?  |  |  |  |
| Were there any service(s) developed to respond the needs of market actors aiming to expand, develop and invest in increasing sales and export channels? If yes, how? Did the Activity’s support result in new products/services for the three focus sectors? |  |  |  |
| Did Kosovo-based companies start to collaborate (exchange of know- how, financial agreements) with new diaspora-based companies. What was the type of collaboration? |  |  |  |
| Did Kosovo-based companies integrate and digitalize processes and functions towards improving performance? What types of digital processes were adopted? What type of support was provided and where did this support come (domestic companies vs international companies)?  |  |  |  |
| Have sector associations (food processing, wood processing, ICT sector) services improved? Has their membership increased? Has their revenue increased? |  |  |  |
| Do market actors have more access to market-relevant information? From what sources? |  |  |  |
| Have Kosovo based companies adapted their business organizational structure based on corporate governance principles? What were the results of these adaptations? |  |  |  |
| Is the secondary market for machinery equipment available and how are Compete’s interventions supporting the growth of such a market? |  |  |  |
| Were there changes developed by market actors using Design Thinking (DT) Process, Lean Manufacturing? |  |  |  |
| Are services offered by supported machinery maintenance/repair service providers being used by market actors?  |  |  |  |
| How market actors are responding toward Export Finance Window? |  |  |  |
| Consider the sustainability of new behaviors adapted by market actor |  |  |  |

The required sample size is:

* Survey with beneficiaries (n=150). The sample size should cover each sector/ subsector aiming for not more than 3 percent margin of error.
* In-depth interviews with partners like sector associations, organizations, chambers of commerce (n=20)[[4]](#footnote-4)

The Activity will provide a list of beneficiary firms and partners to be interviewed

*C. Outputs and Deliverables:*

* Evaluation questionnaire (questionnaires per each sector) for survey with beneficiaries
* Evaluation questionnaire (discussion guide) for an in-depth interview with partners
* Detailed methodology and data collection plan
* Data set with quantitative data
* Raw data with qualitative in-depth interviews with partners
* Slides, handouts, and notes
* Brief weekly reports
* Data analysis
* Report with key findings from evaluation questions
* Report on lessons learned and recommendations
* Copy of the evaluation questionnaires
1. The full questionnaire will be jointly agreed to by the selected bidder and USAID Compete. The questions herein are suggestive and not comprehensive. [↑](#footnote-ref-1)
2. Bidders are also free to propose an alternative methodology provided there is a very strong justification. A final methodology will be jointly selected and agreed upon by the selected bidder and USAID Compete team. [↑](#footnote-ref-2)
3. https://www.intrac.org/wpcms/wp-content/uploads/2017/01/Contribution-analysis.pdf [↑](#footnote-ref-3)
4. The final number of partners to be interviewed will be jointly determined with USAID Compete. [↑](#footnote-ref-4)