**Short context**

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been commissioned by the German Federal Ministry for Economic Development and Cooperation (BMZ) and the European Union (EU) with the implementation of the component “Digitalisation of Micro and Small businesses to increase their resilience in the crisis” as part of the Digital Transformation Center in the Innovation and Training Park (ITP) Prizren.

*Support to the digitalisation of MSEs with a traditional business model;*

Support 20 MSEs from throughout Kosovo in the process to use digital technologies to create new – or modify existing - business processes, culture, and customer experiences to meet changing business and market requirements (digital business transformation).

**Introduction**

This is a document containing criteria for shortlisting (50 MSE), evaluation and selection of (20 MSE) that will be supported for digitalization process. The criteria set for this purpose has been determined over a broad-based discussion and consultation process with key stakeholders, GIZ, ALT consortium project experts and the associated project gender experts.

**Purpose**

Purpose of establishing selection criteria is to enable intake, screening and assessment of MSEs applying for the support (the call); to produce a pool of MSE that will be used for selection of 50 MSEs – long list, subsequently allowing for selection of a definitive list of 20 MSEs eligible for direct support. It is required therefore for this purpose, to establish process based on objective and transparent, as well as on project relevant criteria and procedural rules. Project foresees a total of 20 MSEs to be supported with digital transformation, and the remainder of 30 MSEs from the long list will be provided advisory support for their digital transformation journey; accordingly, application and selection is a competitive based effort, and subject to communicated set of criteria.

**Minimum conditions for applying MSEs**

Eligible for application for support from this project are all MSE companies registered in Kosovo, excluding MSEs affiliated with the ICT type of economic activity. For the purposes of this project, MSE companies are considered micro and small size companies, up to 49 employees, pursuant to definition stipulated in Kosovo Law on Foreign Investments No. 04/L-220, art. 2, para 1.21.1-2. Companies that demonstrate potential for further business growth or strengthening competitiveness through the introduction and usage of digital technologies and tools; Companies that are motivated to pursue digital transformation and improvement of their business model, processes, rethink and modernize culture of business and customer experiences. As well as companies that are willing to co-finance the six-month implementation period (as a minimum in the form of in-kind contributions like the dedication of staff time).

**Priority sectors – MSEs**

The project further prioritizes MSEs affiliated with economic activity in the domains of Smart Specialization Strategy S3 for Kosovo, which is still being finalized but not yet officially approved. However, according to the circulating draft version of the S3 strategy, the following sectors will be considered for this project: (1) Green energy, (3) Food processing, (4) Wood processing, and (5) Creative Industry. Since MSE’s affiliated with the ICT economic sector are not eligible for support under this project, likewise, S3 sector No. 2 ICT is not eligible and omitted from the listing for the purpose of this call.

The project also prioritizes MSE’s that are affiliated with or part of the economic activity that falls under the European Green Deal agenda.

The project has a particular interest in supporting women owned MSEs, or MSEs that employ women as part of their gender equality policy (women in management and/or a significant proportion of the workforce).

The set of criteria for this project are functionally structured in three groups: (1) minimum condition criteria, used for registering eligible MSE’s that submit applications; (2) scoring criteria, used for scoring MSE applications for listing 50 MSE’s in stage I; and subsequently (3) scoring criteria, used for assessing these applications for shortlisting 20 MSE’s in stage II.

**CRITERIA – Selection stages**

Registering of applicant MSE for screening and pre-assessment

**Minimum condition criteria - eligibility criteria**

* Business registration in Kosovo – Active Business Number that can be checked online
* Business size – MSE (not more than 49 employees)
* Established in business, minimum 2 years of establishment
* Sector (not ICT)
* Potential for growth, improve competitiveness, added value from digitalization
* Willingness to consider digitalization of traditional business model, culture and customer experiences, reinvent and/or improve their business concept and model in direction of digital transformation
* Commitment to provide co-financing at least during the 6 months implementation period, either financially or minimally in the form in-kind contribution as dedication of employee time.

**Stage I - List 50 businesses**

Evaluate the applications received and provide GIZ with a list of up to 50 MSEs for consideration. Criteria for qualification in the long list (50 MSEs), reviewing the pool of applications for MSEs that have meet minimum criteria conditions!

Scoring formula (max 2 points per criterion, total max 10 points, min 0 points)

**Scoring criteria I**

* Screening - Potential for growth, improve competitiveness, added value from digitalization
* Screening - Willingness to consider digitalization of traditional business model, culture and customer experiences, reinvent and/or improve their business concept and model in direction of digital transformation
* Type of economic activity – Smart Specialization 3S
* Type of economic activity – European Green Deal
* Gender – Woman owned businesses

**Stage II - Short list 20 businesses**

Pre-assessment of up to 50 MSEs' digital maturity and readiness, as well as their needs and potential for (further) digital business transformation.

Scoring formula (max 1 points per criterion, gender criteria [criteria 7 and 8] max 2 points, total max 10 points, min 0 points)

**Scoring criteria II**

1. Digital maturity
2. Impact from digitalization, turnover, profit, cost, employment, markets
3. Transformative impact in business processes and culture, and customer experience
4. Level of economic activity and business history
5. Workforce composition (structure, skill level, digital competencies)
6. Foreseeable sustainability of digitalization
7. Gender criteria – women owned business, managed, significant workforce proportion
8. Potential/motivation for gender transformative actions related to digitalization

The listing of 50 MSE applications will be done using scoring results, from high to low, cutting off at the top 50 MSE’s. In cases where MSE applications result in equal scoring, the principle of selection is first-come-first-serve based on the date and time of the application (as registered electronically).

The short listing of 20 MSE applications will be done using scoring results, from high to low, cutting the top 20 MSE’s. In cases where MSE applications result in equal scoring, the principle of selection is first-come-first-serve based on the date and time of the application (as registered electronically).

*Disclaimer: This activity is supported by the European Union and the German Government through the Action #Digital4Business which is implemented in the framework of ITP’s #DigitalTransformationCenter. Activities are carried out by ALT Shpk, a partner of the Digital Transformation Center #Consortium - a one stop shop comprised of various entities focused on supporting companies to digitalize their business operations.”*