



USAID | **KOSOVO**
NGA POPULLI AMERIKAN
OD AMERIČKOG NARODA

USAID KOSOVO PRIVATE ENTERPRISE PROGRAM (KPEP)

QUARTERLY REPORT FOR THE QUARTER ENDING JUNE 30, 2009

USAID KOSOVO PRIVATE ENTERPRISE PROGRAM

Implemented by
Booz Allen Hamilton

Contract No. EEM-I-07-00007-00
Task Order No. 2

JULY 15, 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by the KPEP program team of Booz Allen Hamilton.

Table of Contents

EXECUTIVE SUMMARY	4
A. TRANSFORMATIONAL SECTORS	10
1. SECTOR: AGRICULTURE	10
1.1. SUB-SECTOR: DAIRY	11
1.2. SUB-SECTOR: VEGETABLES	14
1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS	17
2. SECTOR: CONSTRUCTION	19
2.1. SUB-SECTOR: ROAD CONSTRUCTION	19
2.2. SUB-SECTOR: CONSTRUCTION MATERIALS	21
3. SECTOR: FORESTRY AND WOOD PRODUCTS	25
3.1. SUB-SECTOR: FORESTRY	25
3.2. SUB-SECTOR: WOOD PRODUCTS	28
B. TRANSACTIONAL SECTORS	30
1. SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY	30
2. SECTOR: TOURISM	34
3. SECTOR: RECYCLING	37
4. SECTOR: FABRICATED METALS AND AUTO PARTS	39
5. SECTOR: DECORATIVE STONE	40
I. COMPONENT 2: BUSINESS SUPPORT SERVICES	41
II. COMPONENT 3: BUSINESS ENABLING ENVIRONMENT	46
III. COMPONENT 4: WORKFORCE DEVELOPMENT	52
IV. MANAGEMENT AND OPERATIONS	60
A. PERFORMANCE BASED-MANAGEMENT SYSTEM	60
B. STRATEGIC ACTIVITIES FUND	65
C. COMMUNICATIONS	68
D. PROGRAMMATIC AND ADMINISTRATIVE SUPPORT	71
Annex 1. Report on Indicators	72
Annex 2. PMP Report - Annual Goals and Results	87
Annex 3. PMP Report - Summary of Quarterly Results	90
Annex 4. Quarterly dashboard	93

Dairy Vegetable Non Wood Forest Products Forestry Wood Processing Construction ICT



Services Bu



onmen



Dairy Veget



abling



Services Bu



Dairy Veget



Services Business Enabling Environment Workforce Development

EXECUTIVE SUMMARY

This is the third Quarterly Report for KPEP and covers the period 1 April through 30 June 2009. During this quarter progress was deemed satisfactory or better in most objective areas. Some new concerns and issues have been highlighted specifically with respect to construction and forestry. This is not surprising. These are areas with significant policy concerns that were highlighted during the sector selection phase, and as we move forward, we will confront increasingly difficult and sensitive constraints. Other sectors experience delays in project implementation. In each case we have developed strategies to address the issues identified. As a counterpoint we note that significant positive results were recorded in terms of sales and investments as highlighted in the PBMS sections, real accomplishments given the impact of the global economic downturn.

Agriculture. During the third quarter of the reporting year, we honed the sector strategy to identify constraints within the value chains that prevent Kosovo from meeting end-market demand.

Sub-sector Dairy. The priority within the Year One sector strategy was modified away from a dairy sector seal of quality program, which had been aimed at increasing consumption and gaining domestic market share. Instead the strategy calls for targeting raw milk quality and developing selected interventions at processing plants.

 **Objective 1: Improve raw milk quality.** Measures to improve the quality of milk raw milk products are well under way

 **Objective 2: Improve product quality, formulation, and processes.** Progress in improving product quality and achieving production efficiency is excellent.

 **Objective 3: Improve packaging.** An investment feasibility study on dairy/food packaging will be conducted next quarter.

 **NEW Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results.** Excellent progress has been made in supporting MAFRD in developing and implementing specific policy measures designed to improve the competitiveness of local dairy products

Sub-sector Vegetables. The vegetable sector development strategy focuses on infrastructure development and penetrating regional markets.

 **Objective 1: Penetrate regional markets for peppers and potatoes.** With the identification of new markets and the increase in domestic processing capacity along with a very favorable growing season, this objective is well on target to increase sales and incomes.

 **Objective 2: Develop vegetable infrastructure through collection centers.** All activities are on track. A business model and investment profile of collection centers will be completed in the fourth quarter.

 **Objective 3: Introduce improved vegetable varieties through field trials.** The initial field day for the pepper variety trials was very successful with more than 75 farmers and agronomists attending.

Sub-sector Non-wood Forest Products. The non-wood forest product sector (NWFP) has been able to add value by grading, freezing, drying, cutting, and storing.

 **Objective 1: Identify new markets for non-wood forest products (NWFP).** All work plan activity in this sector has been completed. KPEP will continue to identify new markets and assist processors to acquire HACCP and organic certification.

Construction. Construction is a transformational sector which was pre-selected by USAID for support by KPEP because of its importance to the economy

Sub-sector Road Construction. KPEP's goal for the road construction industry is to develop a sustainable, professional design, procurement, and execution capability in Kosovo.

 **Objective 1: Improve local road design capability.** Progress for this objective has been satisfactory.

 **Objective 2: Upgrade the skills of construction workers.** Progress in this objective area has been slower than expected

Sub-sector Construction Materials. KPEP's strategy for the construction materials sector is to develop a more efficient concrete production industry through training and the wide and general application of European Union, EN (European Norms) standards in its production and placement.

 **Objective 1: Improve architectural design and engineering services.** Progress in this objective area has been slower than anticipated, as the research on licensing practices was delayed.

 **Objective 2: Develop workforce skills in the improved manufacture of concrete.** Progress in this objective area is partly behind schedule as a result of difficulties with identifying the right training providers and affordable training materials.

 **NEW Objective 3: Demand driven activities not included in the Year 1 Work plan.** KPEP support in response to industry needs have led to improvements in competition and business environment which helped achieve increases in investment, sales, employment, import substitution, and access to finance.

Forestry and Wood Products. Our long term goal is to improve forestry management practices leading to certified forests in Kosovo. In addition, wood processors need to improve their ability to meet international standards.

Sub-sector Forestry.

 **Objective 1: Improve forestry management practices.** Despite solid progress in the certification process the strategy to achieve Objective 1 requires reconsideration due to cost and the timetable for certification.

 **Objective 2: Improve the forest tendering and leasing process for public land logging and management.** There are significant complex legal issues that need to be addressed and government receptivity to reform is as yet unknown.

 **Objective 3: Undertake a biomass study to identify opportunities (planned).** A local forest management firm has been identified and the firm is currently reviewing the methodology used by the USAID Competitiveness project in Serbia to determine their approach and budget.

Sub-sector Wood Products. The Wood Processing sub-sector needs to improve its capacity to meet international standards. In addition; the Association of Wood Processors of Kosovo (AWPK) will take a leadership role in sustaining services to their membership.

 **Objective 1: Developing new markets and new driven products of international quality standards.** This sector is a high performer. For example, anecdotal feedback revealed that wood processors attending Natyra with KPEP's support made sales of € 230,000.

 **Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide member services such as training and advocacy.** AWPK continues to grow as a member service oriented association.

ICT. In the first year, KPEP will treat the program in a transactional way, and the purpose of interventions will be to 1) take concrete actions to build capacity for the domestic market, and 2) pursue opportunities to develop IT services exports as they arise.

 **Objective 1: Improve product development, marketing and sales capabilities, and market linkages for selected firms.** In the second quarter, KPEP revisited the activities initially proposed for this sector, and decided to not pursue some of them for lack of tangible results or lack of industry interest or because other donors were already covering these areas. Other initially proposed activities are in the planning stage and a new activity was added this quarter, the on line marketing services for Kosovo Tour Packages. As a result, overall progress is mixed.

 **Objective 2: Improve workforce skills in ICT sector.** Excellent progress has been made on implementing the ICT workforce development program.

 **Objective 3: Strengthen ICT Association.** Progress in strengthening the new ICT association has been excellent. More needs to be done to improve lobbying and advocacy skills.

 **Objective 4: Improve legal and regulatory environment for ICT sector.** Progress in this area is satisfactory. On both, the Internet Exchange Point (IEP) in Kosovo, and the assignment of a Country Top-Level Domain (ccTLD), KPEP started work, with initial research and discussion of documents and information pertaining to the legal and regulatory environment.

Tourism. Tourism's designation by KPEP as a Transactional Sector means that the project focuses on specific ROI (return on investment) opportunities.

 **Objective 1: Increase sector revenue.** The tourism sector is showing great promise as a transactional sector with strong early results with respect to increased sales and the creation and marketing of domestic experiences.

Recycling. KPEP will focus only on PET recycling in Year One because of its synergies with other targeted sectors.

 **Objective 1: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector.** Due to lack of information about Kosovo firms and entities in the recycling business KPEP determined that we needed an assessment of the plastic recycling industry in Kosovo to build up a body of information through an operative and financial feasibility study on plastic waste collection, which will be launched on the upcoming quarter.

Metal Fabrications and Auto Parts. KPEP interventions will be carefully targeted to activities that are complementary to the work of other donors, particularly GTZ, and those that present the potential for high return on investment.

 **Objective 1: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI.** These sub-sectors provide few opportunities for results-oriented interventions at this time.

Decorative Stone. The core strategy will be threefold: maintain contacts with quarries regarding opportunities and needs; network with current and potential investors to keep abreast of investment activity; and facilitate investment opportunities where and when feasible.

 **Objective 1: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed.** Due to the significant constraints facing the sector and more promising opportunities in other transactional sectors, planned activities for decorative stones have been placed on hold.

Business Support Services. During this quarter, the component strategy was re-visited after the departure of the full-time international expert. This individual was replaced with a part-time international expert who will make quarterly visits to Pristina.

 **Objective 1: Support KPEP target sectors through the development of technical service providers.** The BSS component has taken the lead in partnering international STTA consultants with local BSPs who are integral to the international consultants' assignments.

 **Objective 2: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector.** A number of highly regarded training events for business service providers were held during the quarter.

Objective 3: Enhance the ability of associations to advocate for, communicate to and market their associations and members. KPEP administered the Association Development Index to establish baseline data and, based on the work of the new BSS lead, revised the strategy for this component.

Business Enabling Environment. The strategy taken by the BEE Component continues to focus on responsiveness to the specific demands of the competitiveness components of the project.

Objective 1: Support KPEP target sectors through the achievements in the Business Enabling Environment. The BEE team was able to respond to numerous sector specific issues and fielded each of these tasks quickly and with a sense of urgency, and produced results that were comprehensive and well-considered.

Objective 2: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment. Progress against this objective is good with several training events and roundtable completed.

Objective 3: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements. Kosovo is at the very beginning of this journey, and exhibits frustratingly poor capacity in understanding, much less defending its rights under, CEFTA. We are in the early stages of engaging key government and private sector actors.

Objective 4: Support increased foreign direct investment. KPEP has found that the initial challenge is in identifying investment ready companies that can be attractive investor targets.

Work Force Development. Improving the competitive position of Kosovo business firms and sectors is the aim of workforce development.

Objective 1: Supporting KPEP sectors through create effective skills training and other activities. A good start has been made in integrating workforce development initiatives into key sectors and valuable experience gained on how to expand and improve training activities.

Objective 2: Institutionalizing Kosovo workforce programs that increase capacities of workforce development organizations. KPEP's Workforce Development component has identified two sector specific trainings which could be institutionalized with local Vocational Education and Training Centers.

Objective 3: Improving Kosovo public training programs to make them more responsive to industry needs, and to be more practical and experiential. We have made a good beginning, both in sectors (dairy), and in cross-cutting work.

Objective 4: Assisting selected training/other institutions to create new improve service offerings and to improve existing programs. KPEP has begun to implement its strategy to improve the quality and variety of services offered by local institutions. The job fair in Peja can serve as a model for improving jobs fairs across other sectors. The YES

Center concept would both improve and coordinate the services offered by existing organizations.



Objective 5: Taking measures that increase the entrepreneurial skills of youth. Development of an entrepreneurial training program is at an advanced stage.

Operations

PBMS. This quarter KPEP has achieved a hefty growth in sales, investment, and full time jobs. KPEP saw a €13.5 million increase in sales – that is more than double the original target of €6.3 million. Investment growth has been remarkable as well reaching €6.8 million, about three times the target increase of €2.4 million. KPEP-assisted companies added 127 full time equivalent (FTE) jobs. While it is below the target increase of 606 FTE jobs, it stands in positive contrast to the 40 percent unemployment persistent in the Kosovo economy and the 1.3 percent increase in unemployment across the EU.

SAF. In this reporting period KPEP issued nine RFPs, which were published in local newspapers and on the KPEP website. Five have been awarded and implementation is in process, one was canceled, and three are in the process of being awarded. During this period KPEP has received 49 concept papers. Eight concept papers were approved, for 13 the committee requested more information, and 26 concept papers were rejected.

As a result and from the combination of both processes, the concept paper and the request for proposals, during this reporting period KPEP awarded 8 subcontracts and 1 grant in total. This brings the total number of awards from the beginning of the project to 10 subcontracts and three grants awarded through SAF. The cumulative total award amount for KPEP as of June 30, 2009 stands at €124,436 (\$168,307).

Communications

The Communications Specialist daily prepares local press headlines, which are distributed to all staff, and follows up on articles of interest. Media monitoring also covers Kosovo online news agencies, and whenever possible, TV news and TV programs covering issues of relevance for KPEP's work. In order to get the media to cover KPEP events, and ensure positive coverage, KPEP established contacts with journalists and editors covering mostly economic issues. In the reporting period, KPEP organized three press conferences: 1) to announce the Travel Day Fair; 2) as a conclusion to the Fruit & Vegetables Conference; and 3) as a conclusion to the Carpentry Job Fair.

Media Advisories and Press Releases were drafted and distributed to local media. All newspaper articles on KPEP and its work have been collected, scanned and stored electronically. Press kits or event folders containing general information on KPEP and specific information on KPEP sectors, as well as press releases, presentations, and contact information were prepared and distributed in all events. Being "live" documents, fact sheets introducing KPEP sectors were updated, and translated into both Albanian and Serbian

Successful events and achievements were captured immediately, including pictures. Such success stories were printed on USAID Bi-Weekly newsletters, and will be used for the KPEP website following its re-structuring.

I. COMPONENT 1: INCREASED COMPETITIVENESS OF KEY SECTORS

A. TRANSFORMATIONAL SECTORS

1. SECTOR: AGRICULTURE

The overall strategy for the Agriculture Sector is to develop commercial agriculture and penetrate regional markets in the targeted value chains of dairy, vegetables, and non-wood forest products. The poultry sector is being monitored closely to determine whether the lead firm, Koni-Soni, intends to undertake new investments and seek market expansion in the current economy. Small, soft fruit, primarily raspberries share the value chain of non-wood forest products and consequently KPEP is working with processors to increase their sales and cultivation.

During the third quarter of the reporting year, we honed the sector strategy to identify constraints within the value chains that prevent Kosovo from meeting end-market demand. In dairy the issue is improving quality whereas in the vegetable sector the constraint is infrastructure, which is part of the commercialization of agriculture. In the non-wood forest product sector the strategy is to bring lead firms together to improve international market access as a value chain rather than as individual firms.

■ Success Stories ■

Agricultural Sector – Third Quarter

Dairy: As a result of KPEP training on innovative production techniques, the dairies Bylmeti and Alpina now produce 182 kg of soft white cheese out of each 1,000 liters of raw milk - instead of previously 133 kg, and of better quality. With the current market price for 1 kg of white cheese at 3€, the new technique has increased the plants' revenue by about €150 a day.

Vegetables: More than 43 representatives of agribusiness, farmer associations, seed suppliers, and others visited the test plot of Ruzhdi Krasniqi in Krusha e Vogël where 6 new pepper varieties are being grown as a result of a KPEP initiative. The yield of the new varieties is expected to be 120 tons per hectare, compared to 40 for traditional varieties.

A pepper seedling planting machine, donated by KPEP, has allowed for efficient planting by the 150 farmers of the Perdrini Association. Another farmers association, Tina from Sveqel plans to replicate this method.

Non-Wood Forest Products: KPEP took the food processors APC from Podujevë/Podujevo, and EuroFood and Abi&Elif from Prizren, to the Fancy Food Show in New York, one of the largest food shows in the world to capture business opportunities for their products. The Kosovo delegation received inquiries from several US distributors specialized in the import and distribution of food products from former Yugoslavia who expressed interest to receive samples and prices from our producers.



Picture 1: KPEP Consultant introducing New cheese-making techniques



Picture 2: Famous Kosovo blueberries



Pictures 3: Thank you USAID!

1.1. SUB-SECTOR: DAIRY

Sub-sector Strategy: The priority within the Year One sector strategy was modified away from a dairy sector seal of quality program, which had been aimed at increasing consumption and gaining domestic market share. Instead the strategy calls for targeting raw milk quality and developing selected interventions at processing plants. In the previous reporting period it was noted that the dairy sector needs to develop business service providers who can work as consultants with dairy processors, associations, and producers. This has also been incorporated into the strategy by pairing local consultants with international consultants with support from the Business Support Services component and through internships with support from the Workforce Development component.



Objective 1: Improve raw milk quality

Anticipated Results	
<p>The dairy processors in Kosovo are relatively immature; all but one business in the sub-sector has been founded since 2000. The initial focus of the industry was on increasing market share rather than on the quality of the supply. However, poor raw milk quality hurt their relationship with consumers and as the KPEP dairy market strategy pointed out, “consumers have a long memory.” Conventional statistics indicate that 10% of the suppliers of raw milk cause 90% of the contamination. By embedding milk quality field technicians with dairy processors, something that is currently not done, milk quality problems can be identified, corrective action taken, and the value chain relationship between producer and processor can be strengthened. The results will be increased domestic market share, thereby increasing sales and employment as dairy processors see the value in field services.</p>	
Activities	Status
1. Prepare dairy marketing strategy	1. Completed
2. Initiate dairy internship program (University of Pristina)	2. Ongoing, interns trained and placed
Progress	
<p>Measures to improve the quality of milk raw milk products are well under way. The dairy marketing strategy prepared in February 2009 was based upon USAID market research which indicated that improved milk quality was the priority issue to foster a competitive Kosovo dairy sector. KPEP developed the dairy internship program because it can generate several high impact benefits. First, the internship program offers veterinary faculty students the opportunity to learn in a field setting and apply the skills that they received in KPEP training to solve real quality problems on the farm. Within two weeks of their training by a regional milk quality consultant, the students had visited 90 dairy farms and began working with dairy farmers to “trouble shoot” bacteria and somatic cell count problems. The other benefit is that dairy processors have not invested in this type of position in their business. Now they are seeing results and it is very likely that the students will find employment when the internship comes to an end. These measures should yield sustainable improvements in milk quality.</p> <p>The Kosovo Food and Veterinary Agency (KVFA) have a raw milk quality laboratory which generates milk quality reports for the students to use to identify poor quality milk suppliers. The subcontractor managing the internship, Grima Consulting, will monitor results to gauge the performance of the students.</p>	



Objective 2: Improve product quality, formulation, and processes

Anticipated Results	
<p>The dairy marketing strategy recommended the development of store brands in the dairy category as a means of gaining domestic market share. In addition, new formulations of dairy products and processes can lead to a more desirable product for consumers. The dairy technology short course along with technical assistance at the lead firm level will result in a more competitive dairy sector leading to sales and jobs. The increase in sales of the ETC store brand will be evident once the product is rolled out. Currently Bylmeti Dairy has procured a new yogurt filling machine to replace their hand filling system. Bylmeti will increase its production to 2 million liters of yogurt annually, which has the potential to increase sales to 1.6 million Euros.</p>	
Activities	Status
<ol style="list-style-type: none"> 1. Provide technical assistance to Bylmeti to develop a yogurt product for ETC 2. Develop dairy technology short course 3. New white cheese formulation 	<ol style="list-style-type: none"> 1. Completed, product roll out in July 2. Completed 3. Completed
Progress	
<p>Progress in improving product quality and achieving production efficiency is excellent. The dairy marketing strategy calls for the introduction of store branded milk products as a means of capturing greater domestic market share. KPEP had worked closely with Bylmeti Dairy and ETC hyper-market to develop a store branded yogurt drink. To accomplish this KPEP engaged a regional consultant to develop an improved yogurt formulation that would be produced by Bylmeti solely for ETC. To accommodate the increase in production, which is estimated to be an additional 2 million liters, Bylmeti procured a new yogurt filling line through the assistance of the KPEP Strategic Activities Fund. Bylmeti also invested in a new packaging design and redesigned their label. ETC is designing their own label. The estimated increase in sales is 1.6 million euros.</p> <p>The dairy technology short course, which was held at the Lipjan Agricultural School’s teaching dairy facility, was very successful and is on track to be an institutionalized adult continuing education activity. The 10 day program began with dairy plant floor management and sanitation and during the second week students were taught yogurt production. The evaluations completed by the students are extremely favorable. The students will be visited at the facilities where they are employed to monitor progress.</p> <p>New white cheese formulations have produced a higher quality product at a lower cost with milk to cheese conversion ratios reduced by 2 liters of milk per 1 kilogram of cheese. These modifications were made at three dairy processors. If the price of milk is 30-cents per liter, the dairy processors have reduced their costs per kilogram of cheese by 60-cents. Over the course of the year if a processor is producing a relatively small volume of 20 tons of cheese, the cost savings is 12,000 Euros without additional investment.</p>	

Objective 3: Improve packaging

Anticipated Results	
<p>The dairy marketing strategy pointed out that the quality of the product includes packaging. Kosovo dairy processors are behind the competition in packaging, design and innovation. One of the constraints is the cost of importing packaging. An alternative is to produce dairy and food packaging in Kosovo in order to not only serve the domestic market but also become a player in the region. KPEP would position the investment opportunity as a solid FDI initiative.</p>	
Activities	Status
<p>1. Conduct an investment feasibility study on dairy/food packaging</p>	<p>1. Ongoing</p>
Progress	
<p>Statement of work being prepared for an assignment in the 4th quarter.</p>	

Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results.

Anticipated Results	
<p>Activities undertaken by KPEP will increase dairy sales, jobs, exports, and/or investment.</p>	
Activities	Status
<p>1. Develop dairy product specifications for Ministry of Agriculture, Forestry and Rural Development (MAFRD)</p> <p>2. Conduct training in food safety</p>	<p>1. Completed</p> <p>2. Cancelled</p>
Progress	
<p>Excellent progress has been made in supporting MAFRD in developing and implementing specific policy measures designed to improve the competitiveness of local dairy products including: 1) Dairy product specifications were developed to define the parameters of dairy products which would require products to meet internationally recognized definitions of each dairy product category. 2) KPEP worked with MAFRD and the Customs Agency to determine allowable expiration dates on dairy product imports; the policy accepted was that UHT milk, the primary import, could be imported into Kosovo if it did not exceed 50% of the expiration date. 3) KPEP began initial research on regional dairy subsidies which will lead to a policy recommendation on actions that Kosovo can take under CEFTA to combat unfair practices in light that Kosovo does not pay dairy subsidies.</p> <p>This dairy policy support will be managed by MAFRD after the summer holiday season. MAFRD indicated that they will develop a team to design an enforcement regimen in September and October and work with other agencies to obtain support. An administrative directive will be issued in early December with implementation to take effect on January 1. Customs may with or without the administrative directive move forward with not permitting importation of UHT milk that is within 50% of its expiration date.</p> <p>Food safety was cancelled because the German twinning dairy project is conducting food safety training.</p>	

1.2. SUB-SECTOR: VEGETABLES

Sub-sector Strategy: The vegetable sector development strategy focuses on infrastructure development and penetrating regional markets. These two elements of the strategy are critically linked as it is difficult to penetrate regional markets successfully unless a local and regional infrastructure is in place. Infrastructure refers to the physical capacity to add value to vegetable products by assembly, sorting, grading, packing, and storing. However, infrastructure also includes understanding and improving the relationship between the producers, traders, and end-market customers. During the previous reporting quarter, the process of identifying potential regional markets began, and discussions with a vegetable processing lead firm, Etlinger, were undertaken to identify assistance KPEP can provide to remove constraints in the firm’s bid to market in Kosovo and the region.



Objective 1: Penetrate regional markets for peppers and potatoes

Anticipated Results	
Activities	
Activities	Status
<p>The fruit and vegetable audit identified peppers (sweet and hot) and potatoes as the value chains that hold the most promise for Kosovo. To date, marketing efforts have been from producer to trader without information as to what the end market customer wants, and how the producer can better meet this demand. Kosovo has an excellent reputation for producing these products, but to be more competitive, producer groups and processors need to develop new markets. Based upon previous quarter market penetration efforts, KPEP has assisted in developing contracts with vegetable processors in Macedonia and Albania for 1,650 tons of peppers. These contracts have since been expanded to exceed 2,000 tons. The potato market is also looking very promising particularly into Albania where Kosovo could enter the market with 6,000 tons of potatoes.</p>	
<ol style="list-style-type: none"> 1. Identify potential buyers of vegetables in Albania, Macedonia and Montenegro 2. Assist the Perdrini Association to develop a memorandum of understanding (MOU) to be signed by members of the Association to commit to supply the volume and quality of peppers to be delivered to the Macedonia and Albania markets 3. Provide training to Perdrini Association and Etlinger Company agronomists to monitor peppers for quality control and yield 4. Continue to identify new markets for peppers and potatoes 5. Provide Hazard Analysis and Critical Control Points (HACCP) design assistance to Etlinger 	<ol style="list-style-type: none"> 1. Ongoing 2. Completed 3. Ongoing 4. Ongoing 5. Completed

processing facility 6. Conduct vegetable pre-harvest conference in early June	6. Completed
Progress	
<p>With the identification of new markets and the increase in domestic processing capacity along with a very favorable growing season, this objective is well on target to increase sales and incomes. Kosovo can produce superior quality peppers and nine varieties of peppers are very attractive to buyers. The challenge is establishing Kosovo pepper growers as reliable suppliers with consistent quality. Five processors have provided Perdrini Association with a letter of intent to buy 1,750 tons of class II processing peppers. In addition the Etlinger Company, which has been sourcing peppers from Turkey, is in the market for 1,000 tons of peppers.</p> <p>Key to this effort of becoming a preferred supplier is building the relationship between processors, who understand end market demands, and producers. The agronomists are playing an important role in this building this relationship and assuring quality control. KPEP has provided training to the agronomists and will provide additional training in quality control in field packing peppers.</p> <p>KPEP engaged a local consultant to provide technical oversight of the construction of the new Etlinger vegetable processing facility to be HACCP ready upon completion. The facility began operation on June 15 with cucumbers from Kosovo. Etlinger’s primary market is Austria and Germany therefore the HACCP certification is critical and by avoiding mistakes in design, certification should be obtained prior to the 2010 season.</p> <p>The fruit and vegetable conference held in Pristina on June 23 was very well received by more than 80 participants. The presentation that caught the attention of the participants was made by the fruit and vegetable buyer of ETC hyper-market. ETC with 11 hyper-markets in Kosovo and 2 in Montenegro purchase all of their fruit and vegetables from Turkey and Greece. ETC is interested in local supply and they outlined their requirements for product. KPEP held two business to business sessions and where traders and producers discussed the upcoming season.</p>	



Objective 2: Develop vegetable infrastructure through collection centers

Anticipated Results	
<p>A lack of infrastructure seriously impacts Kosovo’s competitiveness in the vegetables sub-sector. Without the ability to assemble and add value, the resulting high transaction costs are driving traders to procure vegetables in Macedonia and Serbia. Collection centers provide an opportunity to produce to end-market demand by adding value with sorting, grading, packing, and storage. Collection centers can result in increased sales and employment and are an investment opportunity.</p>	
Activities	Status
1. Develop a business model and investment profile of collection centers	1. Scheduled July
2. Study tour of vegetable collection centers to Macedonia and Albania	2. Scheduled July
3. Promote vegetable collection centers as an investment opportunity	3. Scheduled July
Progress	
<p>All activities are on track. The consultant to conduct the assignment to develop business models for the vegetable collection centers and the investment seminar will begin on July 2. The study tour is schedule for late July.</p>	



Objective 3: Introduce improved vegetable varieties through field trials

Anticipated Results	
<p>As market opportunities develop, farmers need to produce the varieties of vegetables that the market is seeking. New, improved varieties, as opposed to using the seed from the previous year, have higher yields and are more pest and disease resistant. Improving vegetable varieties will increase net income per hectare and provide more options by creating greater yields and increasing market opportunities. For example, KPEP identified white beans as a crop where Kosovo can be highly competitive, as current regional demand far exceeds supply. Estimates are that utilizing white beans as a rotational crop for potatoes could increase net income per hectare by 1,800 Euros in comparison to the traditional rotational crops, wheat and corn.</p>	
Activities	Status
1. Conduct pepper variety trials and field days	1. Ongoing, first field day completed
2. Conduct white bean trials and field days	2. Ongoing
Progress	
<p>The initial field day for the pepper variety trials was very successful with more than 75 farmers and agronomists attending on a very rainy day. The improvement in yield and quality was visibly apparent as well as conveying that these are varieties the market is demanding and will yield a higher price. The current “traditional” practice is for farmers to use seed from the previous year’s crop. This results in poor germination, lower pest resistance, and lower yields. As a means of altering traditional practices toward commercial agriculture, field demonstrations are very effective. Farmers seemed very receptive to the potential of new seed varieties based on the results of the field tests.</p>	

1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS

Sub-sector Strategy: The non-wood forest product sector (NWFP) has been able to add value by grading, freezing, drying, cutting, and storing. Our strategy is to move the sector to a new level by identifying and capturing new direct markets and increasing the volume of products that moves through organic and HACCP certified processors. In order to accomplish this goal, the lead sector firms, the generators of growth, must work together in developing market channels. The lead firms will be responsible for assuring that end market, customer demand, information moves along the value chain to collectors and farmers.



Objective 1: Identify new markets for non-wood forest products (NWFP)

Anticipated Results	
<p>NWFPs are seasonal products. The first mushrooms will be harvested in the next quarter and the initial market will be for fresh mushrooms. Prices vary greatly during the mushroom season from 8 euros per kilogram in the early season to 50-cents when the supply is flooding the market. Second to mushrooms is the wild blueberry crop which will begin in late July and accounts for 1.3 million euros in exports. There are an additional 20 plants harvested in the forests that go the food manufacturing sector as ingredients (chamomile) , the pharmaceutical sector (juniper berries), and the health and beauty sector (birch leaves for shampoo manufacturing). NWFP should perform very well despite the economic climate. KPEP will survey collectors and processors prior to the end of the next quarter to quantify results.</p>	
Activities	Status
1. Develop a non-wood forest product inventory and action plan development for penetrating new markets	1. Completed
2. Conduct study tours Bulgaria and Serbia	2. Bulgaria study tour completed, Serbia study tour cancelled
3. Conduct a pre-harvest conference	3. Scheduled July 10
4. Attend as observers to the New York Fancy Food Show	4. Completed, June 26 – July 2
5. Develop a Good Agricultural Practices (GAP) manual and train collectors on its use	5. Scheduled July 10
6. Audit for HACCP and organic certification	6. HACCP completed, organic rescheduled for year 2.
Progress	
<p>The NWFP subsector has the potential to grow from 8 million Euros export to 16 million Euros. This sector has been viewed as a sector requiring a small level of support with potentially large returns on investment. Key to the success of this sector is horizontal cooperation among the six companies seen as generators of growth.</p> <p>KPEP conducted a study tour in Bulgaria, a country which has seen tremendous growth in this sector. Two key lessons learned on the study tour were 1) organic and HACCP</p>	

certification have become a necessity to compete for the highly rewarding markets in Western Europe and North America and 2) as forests become more regulated to control wild harvesting, producers need to shift to cultivating wild herbs and other plants to meet customer's volume requirements.

KPEP sub-contracted MD consulting to prepare a HACCP "readiness" plan for 11 processors of NWFP. The "readiness" plan outlines the modifications that would be required in management and the physical facility in order to be HACCP certified. It is anticipated that at least five firms will adopt the recommendations in 2009 and seek HACCP certification in 2010.

KPEP supported on a cost share basis three processors to attend the New York Fancy Food Show as observers. The value of the experience was that the participants learned at least in part what it takes to compete in the US, even with preferential trade status for Kosovo. The participants learned about market segmentation and that Kosovo's packaging of canned vegetables are acceptable for one segment but not for the higher value markets. Good contacts were established with potential buyers for mushrooms and canned vegetable products.

Work plan activity in this sector has been completed. KPEP will continue to identify new markets and assist processors to acquire HACCP and organic certification. The processors whom KPEP has identified as "generators of growth" have seen an increase in demand for their primary products, mushrooms and blueberries, and also for their secondary products. This sector with the potential to have a 9 month season for non-wood product harvesting is positioned to exceed the KPEP goal of 16 million Euros in growth by 2012.

2. SECTOR: CONSTRUCTION

Construction is a transformational sector which was preselected by USAID for support by KPEP because of its importance to the economy and the work done in this sector in the past. KPEP’s overall strategy is to build on the successes of the previous project, KCBS, and to take the sector to the next level. KPEP will focus on the road construction and building materials sub-sectors.

■ Success Stories ■

Construction Sector – Third Quarter

Road Construction: KPEP established three business linkages with a total value of € 350,000, between aggregate suppliers Trasing and Bejta Commerce and the road construction companies KAG Asphalt and Drini Company.

KPEP assisted the construction firm Eurokos to hire 7 workers from the Serbian minority in Kosovo. Eurokos expects to hire additional workers in this season.

Construction Materials: KPEP worked with the construction company Lin Project in its efforts to use local materials. KPEP helped identify local façade building material in the total value of € 200,000 Euros.



Picture 1: Aggregates on the road



Picture 2: Road maintenance



Picture 3: Façade to be completed with Locally produced materials

2.1. SUB-SECTOR: ROAD CONSTRUCTION

Sub-sector Strategy: KPEP’s goal for the road construction industry is to develop a sustainable, professional design, procurement, and execution capability in Kosovo. This will ensure that future roads are designed in accordance with best practices, and that the best contractors are given the chance to bid for work on a level playing field. Also, it will ensure that contractors develop skills that ensure projects are completed safely and in accordance with contract specifications.

Objective 1: Improve local road design capability

Anticipated Results	
Activities under this objective are designed to build capacity in the Government of Kosovo (GOK) to review designs and ensure compliance, as well as to work towards increasing the percentage of the Kosovar road design budget on work produced by Kosovar engineers. To this end, KPEP has prepared SOWs for design and tendering of road construction projects with a goal of training at least 50 professionals in road design, and implementing a train-the-trainers program to provide sustainability. In addition, KPEP estimates that the successful implementation of the road design training activity will generate sales of 3 million Euros and increase new jobs to up to 20 per year.	
Activities	Status
1. Provide liaison with Government of Kosovo on the need to specify	1. Ongoing

investments according to international standards	
2. New: Organize Study tour to Slovenia for GOK and private sector stakeholders	2. Planned for July
3. Conduct road design training needs assessment	3. Completed
Progress	
<p>Progress for this objective has been satisfactory. The Ministry of Transportation and Communications (MTC), has identified a KPEP liaison, who is in ongoing contact with the project and is regularly updated and consulted on our activities. USAID has requested that we replicate this model with other ministries because of its success.</p> <p>As per KPEP recommendations, the Ministry of Transport and Communications (MTC) formed a working group that will draft an administrative directive for using technical regulations according to international standards.</p> <p>KPEP, assisted by the Slovenian expert, who conducted an assessment of road design capabilities in Kosovo earlier this year, is preparing a study tour to Slovenia for private and public sector stakeholders. They will meet with several private firms and government entities to learn about the road design process in Slovenia from the planning state to implementation, and for the private sector to identify and explore cooperation opportunities, including joint ventures,</p> <p>A road design expert from Slovenia was retained by KPEP to conduct a road design training needs assessment and to develop a framework for designing, implementing, operating, and sustaining a training program for education of professional road design engineers in Kosovo. This intervention has been completed. The report will be submitted in the fourth quarter and will inform next steps for Year 2.</p>	



Objective 2: Upgrade the skills of construction workers

Anticipated Results	
<p>Kosovo’s construction workforce is neither trained nor skilled. No training or apprenticeships exist and management and supervisory staff do not have the expertise to organize proper road construction. In this past quarter KPEP estimates that Kosovar companies have hired between 50–100 workers from outside Kosovo, because local expertise is not available. In order to provide better employment opportunities for local labor, KPEP, together with RCAF, will develop training programs to upgrade the skills of the construction workforce. The anticipated result for Year One is to train over 80 construction workers.</p>	
Activities	Status
1. Conduct needs assessment for heavy equipment operators training program	1. Completed
2. Conduct heavy equipment operator survey	2. Completed
3. Determine feasibility and support for Heavy Equipment Operator Training	3. Ongoing

<p>Center</p> <p>4. New: Study Tour to US to Observe Operations of Heavy Equipment Operators Training Center</p> <p>5. Identify providers of training for construction workers, including laborers, heavy equipment operators, and crew supervisors</p>	<p>4. In planning stage</p> <p>5. Ongoing</p>
---	---

Progress

Progress in this objective area has been slower than expected. However, KPEP considers these initiatives as worthwhile and valuable to the entire construction industry, and continues to work on their implementation.

The survey for heavy equipment operators, which was a recommendation by the STTA who completed a needs assessment in the first quarter, was completed in this quarter by the subcontractor Index Kosovo, who surveyed 120 road construction companies with 726 machines and over 2,000 operators.

KPEP has been consulting with the various stakeholders about their interest and commitment (including monetary) regarding the establishment of the training center. Stakeholders involved include the private sector (over 120 companies are potential users), the Road Construction Association of Kosovo (RCAK), the Ministry of Telecommunication and Communication (MTC), the Ministry of Education, Science and Technology (MEST) and municipal authorities, with regard to the location. MTC has also begun talks with the Ministry of Environment and Spatial Planning (MESP) regarding their involvement. While progress is slower than we had envisaged, this objective is on the right track. The entire road construction industry will benefit from its successful implementation.

While we are optimistic that the resources can be identified, we believe that a study tour to the US, with the assistance of the National Heavy Equipment Training School Association (NAHETS), for a small group of major stakeholder representatives will provide information and impetus for the actual implementation in Kosovo. KPEP has also been in contact with a number of institutions that provide training for construction workers. We hope to identify the right provider over the summer.

2.2. SUB-SECTOR: CONSTRUCTION MATERIALS

Sub-sector Strategy: KPEP’s strategy for the construction materials sector is to develop a more efficient concrete production industry through training and the wide and general application of European Union, EN (European Norms) standards in its production and placement. Concrete is the dominant construction material, and improvements in this sub-sector will have a multiplier effect in the installation of other building materials. KPEP will also improve awareness and capability in the architectural design companies through a training program in which the availability and suitability of locally made materials will be stressed.



Objective 1: Improve architectural design and engineering services

Anticipated Results	
<p>Kosovo has a lack of architectural design capability. KPEP is planning to address this deficiency through supporting changes in legislation and through the training and certification of architects and students, awareness building with insurance firms and banks about architectural services for evaluation and appraisal, and other activities. One of our desired results is an increase in the use of local building materials.</p>	
Activities	Status
1. Consider changes to legislation necessary to regulate services provided by architects and engineers, and recommend improvements	1. Ongoing
2. Prepare a training and certification SOW to improve design and engineering services and contract for STTAs services	2. Pending (some work has been done)
3. Agree on Training Center premises; prepare budget for the program	3. Ongoing
4. Build awareness with local insurance firms and banks	4. Ongoing
Progress	
<p>Progress in this objective area has been slower than anticipated, as the research on licensing practices was delayed and took longer to complete. As two activities are dependent on the research outcome, there have also been delayed. Activity 4, awareness building with local insurance companies and banks on how to offer financial instruments to construction firms, KPEP has been actively engaged and offered new solutions in the face of the international credit crunch.</p> <p>KPEP completed an analysis on international practices regarding the licensing of architects, however, later than anticipated. The findings will be discussed with the MESP and joint next steps for improving the current situation will be decided. Agreement and support by MESP will be important to continue with the subsequent activities under this objective. Activity 2 is linked with, and dependent on activity 1. Agreement needs to be reached on the licensing body before the STTA can begin work. KPEP plans to identify an international association representative, to work with local architects, association and government officials to develop the licensing process, modules and training manuals.</p> <p>The architects association has identified locations where they intend to establish training center (the association will rent the space). KPEP will support the furnishing of the training center. The association will develop a concept paper to KPEP next quarter.</p> <p>KPEP has been in ongoing contact with local insurance companies and banks to raise awareness and discuss creative options for continuing to provide loans to the construction sector, in the face of the global financial crisis and the need of construction companies to borrow ahead of the construction season. Among other possible solutions, KPEP has suggested that banks accept the tender documents as collateral. KPEP is working with TEB, Banka Kombetare Tregtare (BKT), Raiffeisen Bank Kosovo RBKO and Procredit Bank.</p>	



Objective 2: Develop workforce skills in the improved manufacture of concrete

Anticipated Results	
<p>Responding to the lack of skilled workers in the concrete sector, KPEP proposes to undertake training programs for concrete plant staff. The desired outcome of this activity is the training of at least 40 individuals, including concrete workers, inspectors, plant operators, and students, and the establishment of a training facility.</p>	
Activities	Status
<p>1. Develop training programs for concrete plant operations, maintenance and supervisory personnel, and contract for his/her services</p>	<p>1. Ongoing – Modified (concept paper has been submitted by KACP)</p>
<p>2. Ensure EN standards for concrete are being incorporated in building specifications</p>	<p>2. Ongoing</p>
<p>3. Develop training programs, engage trainers, and deliver training</p>	<p>3. Planned</p>
Progress	
<p>Progress in this objective area is partly behind schedule (Activities 1 and 3), as a result of difficulties with identifying the right training providers and affordable training materials. Activity 2 is progressing as planned.</p> <p>The activity one is under modification since the Kosovo Association of Concrete Producers submitted a concept paper to KPEP for the development of training programs for concrete plant operations, maintenance and supervisory personnel. KPEP is awaiting additional information. At the same time, KPEP has been in contact with the National Ready Mix Concrete Association in the US inquiring about ready training modules. However, their programs are expensive and we will likely have to find other sources for training modules. We are considering as an alternative to purchase training materials which than will be translated into Albanian, and taught by local experts.</p> <p>With regard to activity 2; EN (European Norms) standards, KPEP has successfully lobbied for the establishment of a working group at the Ministry of Environment and Spatial Planning (MESP) regarding technical specifications for concrete.</p>	



Objective 3. Demand driven activities not included in the Y1 Workplan

Anticipated Results	
<p>Responding to the demand driven activities that are necessary to improve competition and business environment which as a result will have increase on investment, sales, employment, import substitution, access to finance etc.</p>	
Activities	Status
<p>1. Linkages with local producers</p>	<p>1. Ongoing</p>
<p>2. Determine needs for construction materials sector</p>	<p>2. Ongoing</p>

<p>3. Facilitating Public/Private Sector Dialog</p>	<p>3. Ongoing</p>
<p>Progress</p>	
<p>Linkages with local producers: The KPEP construction specialist has actively engaged in establishing business linkages between local firms to promote the sale of local construction materials. For example, KPEP connected Fitorja, a producer of ready mix concrete, and Lin Projekt, a construction firm for the supply of concrete. Sales over the next 3 years are likely to reach over € 1 million. KPEP also worked with AS Company, a road construction company and asphalt producer in Leposaviq/Leposavić, to establish business linkages with leading road construction companies in Kosovo. Based on the discussions held with the firms, this linkage is likely to result in annual sales of up to €800,000 Euros, investments up to €1 million, and up to 50 new jobs.</p> <p>Determine needs for construction materials sector: A SOW for a Building Materials Consultant and his local counterpart to conduct a needs assessment of local building materials and improve quality and sales, has been drafted. The intervention is planned for Q4.</p> <p>Public/Private Sector Dialog: KPEP facilitated a meeting between the Ministry of Education, Science and Technology (MEST) and local producers of construction materials, including Korenica, Elnor and Lesna (wood products and furniture), Silcapor (construction autoclaved concrete blocks), to educate the Ministry about construction and building materials produced in Kosovo. This was the first meeting of its kind, and it provided the ministry representatives the opportunity to learn about local products that can be used in facilities built by the government.</p>	

3. SECTOR: FORESTRY AND WOOD PRODUCTS

Our long term goal is to improve forestry management practices leading to certified forests in Kosovo. Such certified forests will increase the value and quantity of locally grown wood available for domestic wood processing. In addition, wood processors need to improve their ability to meet international standards. By doing so, they have the potential to displace imports and penetrate export markets. The project will address improved forest management through forest certification and a long term pilot leasing agreement via a public/private partnership, which includes a transparent tendering process.

■ Success Stories ■

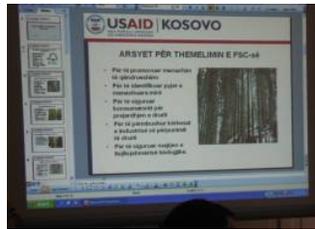
Forestry and Wood Products Sector – Third Quarter

Forestry: Certification of forests is crucial for the future of Kosovo’s forests and the wood products industry in Kosovo. KPEP has helped establish the Forest Stewardship Council Standard Development Group, which is composed of stakeholders from MAFRD, MESP, Association of Forest Engineers and Technicians of Kosovo, Private Forest Owner Association, University of Pristina and others. This group will drive the FSC certification forward.

Wood Products: KPEP has assisted the Association of Wood Processors of Kosovo (AWPK) with national and international trade show participation, to promote wood products made in Kosovo. The Natyra 2009 trade show, a traditional event for the wood processing sector in Kosovo, was attended by 41 companies. 95% declared they made new contacts. At least 17 contracts were signed, with estimated sales amounting to € 230,000. As a result of this and other activities supported by KPEP, AWPK has moved toward becoming financially sustainable by generating income from member services.



Picture 1: SDG established



Picture 2: Presenting the importance of FSC accreditation



Picture 3: People attending Natyra Fair 2009

3.1. SUB-SECTOR: FORESTRY

Sub-sector Strategy: As forest certification presents the greatest opportunity for Kosovo, poor management and illegal logging present the greatest threats. The lead issue in forestry will be certification through the Forest Stewardship Council (FSC). The initial step will be to form a FSC working group, which will register as an association. The working group will coordinate Kosovo qualification for certifying forests with the FSC governing body in Bonn, Germany. Closely related to FSC but not necessarily an integral part is the effort to develop a public/private partnership pilot long-term forest leasing program. In addition we will work with the government and industry to improve the tendering process for logging rights.



Objective 1: Improve forestry management practices

Anticipated Results	
<p>Attaining certification is critical for the forestry/wood sector in Kosovo. There has been a sharp increase in worldwide markets that are closed to non-certified wood and wood products. Kosovo has also seen greater difficulty in importing certified primary wood from Croatia and Bosnia as those countries seek to add value domestically. Certification is a “market access” criteria in that an increasing number of buyers, public and private, are demanding wood products from certified forests. Without certification wood products are destined to a lower tier commodity market. Certification will also impose management practices that will lead to sustainable forests and position Kosovo to harvest far more than the current 20% of potential annual harvest.</p>	
Activities	Status
<ol style="list-style-type: none"> 1. Provide support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests 2. Provide technical assistance and training to MAFRD and KFA in auditing forest management plans and compliance with FSC certification 	<ol style="list-style-type: none"> 1. Ongoing 2. Rescheduled to year 2 to coincide with the development of FSC standards
Progress	
<p>The strategy to achieve Objective 1 requires reconsideration due to cost and the timetable for certification. The Forest Stewardship Council (FSC) requires that a Kosovo Standard Development Group (SDG) be established in accordance to FSC rules to enter into the forest certification process. KPEP conducted six regional informational meetings to discuss forest certification and the FSC process. KPEP also engaged a consultant, Ratko Matosevic, who holds FSC credentials, to facilitate the establishment of the SDG. The SDG is a board of nine voting members and one non-voting chair person. The voting members sit on three committees; economic, social, and environmental representation. The SDG is tasked with developing forestry management standards that comply with FSC forest certification standards that address the areas of responsibility of each of the committee representations. KPEP also formed a national consultative group, an open forum, to whom the SDG presents their work for comment and response. On June 24 the Kosovo SDG submitted documentation to the FSC for formal registration and accreditation. FSC will review the documentation and approve or request further information. This phase of forest certification will incur costs of \$150,000 excluding the cost of the KPEP Forest Specialist’s time devoted to this activity. The estimate for FSC approval of the SDG standards is June 2011. This is under a best case scenario as outline by the consultant, Ratko Matosevic. The target is to certify 55,000 hectares. By the time the first forest in Kosovo is certified, costs will exceed \$200,000 and KPEP could be operationally closing out. The risk that needs to be minimized is that KPEP closes out, funding ceases for certification and the process stops without institutionalization.</p>	

Objective 2: Improve the forest tendering and leasing process for public land logging and management

Anticipated Results	
<p>The tendering process needs to be transparent and of sufficient length to provide logging companies with incentives to invest in good forest management practices in order to maximize yield. Transparent processes will also encourage new investments as new logging companies emerge to operate with efficiencies and quality management. KPEP is approaching the issue of long term concessions by working with the Law on Forestry which limits concessions to one year and also through the application of the Law on Public Private Partnerships which was passed on June 25 of this year.</p>	
Activities	Status
<ol style="list-style-type: none"> Design a pilot forest tendering process Develop a model long-term timber agreement consistent with the new law on public/private partnerships 	<ol style="list-style-type: none"> Ongoing with the Business Enabling Environment component Ongoing with the Business Enabling Environment component
Progress	
<p>Government tendering is a complex legal issue and before a pilot tendering can be undertaken, the legal issues that would enable the Ministry of Agriculture, Forestry, and Rural Development and the Kosovo Forest Agency to participate in a pilot, the Government’s tendering process needs to be examined and a legal analysis needs to be conducted to ascertain if the pilot can be undertaken under the existing law or if new legislation is required. This task was undertaken by a local attorney as a short term consulting assignment with a report and opinion due early in July. Applying the new Law on Public Private Partnerships to forest long term concessions has not been addressed by the Government but KPEP will provide assistance where appropriate.</p>	

Objective 3: Undertake a biomass study to identify opportunities (planned)

Anticipated Results	
<p>Biomass represents an opportunity for renewable energy within Kosovo’s vast forests and increased yield from wood harvesting systems. However, the feasibility of a commercial biomass project needs to be studied. If the results are positive, it could be a promising FDI opportunity. A well managed forest will yield a certain level of waste product, biomass which can be used as fuel for energy systems. Little work has been done on this subject but it has potential as an additional income generator from Kosovo’s forests.</p>	
Activities	Status
<ol style="list-style-type: none"> Conduct a biomass study 	<ol style="list-style-type: none"> Ongoing
Progress	
<p>A local forest management firm has been identified and the firm is currently reviewing the methodology used by the USAID Competitiveness project in Serbia to determine their approach and budget. It is anticipated that this activity will be completed on time in year one. The results of the study will benefit firms such as Feroda to increase their supply of waste and sales of pellets and pellet heating systems, displacing illegally cut firewood.</p>	

3.2. SUB-SECTOR: WOOD PRODUCTS

Sub-sector Strategy: The Wood Processing sub-sector needs to improve its capacity to meet international standards. By designing and processing at an internationally competitive level, wood processing can displace imports on the domestic market and create opportunities in the export market. The three key areas in wood processing are design/product diversity, production, and marketing and our targeted STTA will address these competitive elements. In addition, the Association of Wood Processors of Kosovo (AWPK) will take a leadership role in sustaining services to their membership.

Objective 1: Developing new markets and new driven products of international quality standards

Anticipated Results	
Kosovo wood processors are using designs that are outdated and not competitive. With the exception of bunk beds, the processors have remained with a traditional product line and have not taken advantage of opportunities in partially processed products such as furniture stock elements. Understanding design and product demand and continuously monitoring the market for new opportunities will increase sales, domestically and internationally.	
Activities	Status
1. Improve management of drying kilns	1. Completed
2. Improve furniture design	2. Ongoing, initial assessment completed and course designed
3. Prepare for the LIGNA Fair in coordination with GTZ	3. Completed
4. Identify potential market opportunities	4. Ongoing
5. Implementation of “from log yard to market” improvements at major wood processors	5. Completed
6. Support the AWPK to conduct Natyra 2009 Fair.	6. Completed
7. New product development	7. Ongoing
Progress	
This sector is a high performer. The objective effectively addresses production and processing management issues in response to end market demands. Kosovo wood processors have responded to sales inquiries from the UK with prototypes and new products and at the same time improved the management of drying wood for a higher quality product and cost control for improved profits. Anecdotal feedback revealed that wood processors attending Natyra with KPEP’s support made sales of € 230,000. As a result of participation in the LIGNA wood processing show in Germany, local Kosovo companies made machinery investments in the amount of €270,000. Technical advisor interventions have resulted in knowledge transfer in kiln drying, furniture design and new product development, and improved production floor management and costing.	

Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide member services such as training and advocacy

Anticipated Results	
AWPK will become a fully sustainable association recognized as representing the wood processing industry as well as its members. Membership will grow as wood processing companies understand the value added provided by AWPK membership.	
Activities	Status
1. AWPK work with the Kosovo Standards Agency to adopt 46 EU wood industry standards	1. Completed
2. AWPK managed Natyra 2009 Fair	2. Completed
3. Participation in LIGNA Fair, Hanover, Germany	3. Completed
4. Kosovo Standards Agency with AWPK establishes a wood industry standards committee	4. Ongoing, additional EU wood industry standards adopted
5. AWPK members exhibit at Tirana Wood Products Fair in September 2009	5. Preparations ongoing
Progress	
AWPK continues to grow as a member service oriented association. Members are reaping benefits from their association, which is offering value added services and has a successful track record of trade fair organization and participation, lobbying and technical development. AWPK has established contacts with international organizations and has become a member of the European Confederation of Furniture Manufacturers, and a partner of SIPPO, the Swiss Import Promotion Program.	

B. TRANSACTIONAL SECTORS

1. SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY

ICT is both a vertical sector with a high potential for growth and employment in its own right and a “horizontal enabler” that can contribute to the growth of all sectors across the economy. In the first year, KPEP will treat the program in a transactional way, and the purpose of interventions will be to 1) take concrete actions to build capacity for the domestic market, and 2) pursue opportunities to develop IT services exports as they arise. In the second year, KPEP will evaluate the potential to treat ICT as a transformational sector, with more aggressive targets for improved sophistication and impact on the vertical markets.

■ Stakeholder Insight ■
ICT Sector – Third Quarter

Working with Booz Allen Hamilton and KPEP has been a positive experience for STIKK in its early days of existence. We were encouraged to discuss our participation in the ICT fair, and received assistance within a very short time frame. STIKK was able to present itself at the fair and sign up many new members.

Working with an implementing partner like KPEP, in a truly strategic sector as ICT, we believe, will bring the true change to the sector and society

Driton Hapçiu
Chairman of the Board
STIKK-
Kosova Society for Information Technology and
Communication



Picture 1: ICT Sales and Marketing Training March-April 2009



Picture 2: SAF Presentation to ICT sector



Picture 3: ICT local experts discussing



Objective 1: Improve product development, marketing and sales capabilities, and market linkages for selected firms

Anticipated Results	
By improving the marketing and sales capabilities of select firms, creating new market linkages; and preparing marketing strategies for penetration into these new markets, the assisted firms will realize increases in sales and exports.	
Activities	Status
1. Conduct ICT sales and marketing “boot camp”	1. Completed
2. Implement IBM’s Signature Selling Method workshop	2. Cancelled
3. Conduct Kosovo-Macedonia B2B Event	3. Cancelled
4. Conduct Kosovo-Albania B2B Event	4. Planned
5. Attend Systems 2010	5. Cancelled
6. Identify industry solutions	6. Cancelled
7. Attend Call Center World Berlin	7. Planned
8. Work with RCI on IT mark	8. Cancelled
9. New: Online Marketing Services for Kosovo Tour Packages, Tourist Experiences and Products	9. Ongoing
Progress	
<p>In the second quarter, KPEP revisited the activities initially proposed for this sector, and decided to not pursue some of them for lack of tangible results or lack of industry interest or because other donors were already covering these areas (e.g. System 2010, RCI mark, B2B Macedonia). As a result, several of the above activities show as “cancelled”. Other initially proposed activities are in the planning stage (B2B Albania, and attend Call Center Berlin trade show), and a new activity was added this quarter, the on line marketing services for Kosovo Tour Packages, which is a direct result of the success of the “Travel Day” initiative of the tourism section, and the product of close cross-sectoral cooperation. A provider will be chosen in the next quarter. As a result, overall progress is mixed.</p> <p>KPEP considers the ICT Sales and Marketing Boot Camp training, which assisted eight ICT firms and the ICT Association in reviewing and reformulating their marketing positioning, as a success. Not only did they learn new selling techniques, and improved their marketing materials, several firms have already begun using these new skills in their day to day marketing and business development work. The ICT Association has reached out to enroll 21 new member companies. The white paper on ICT and Tourism, developed as a part of this training, recommended a new activity, focusing on improving online marketing specifically for the tourism sector.</p>	

Objective 2: Improve workforce skills in ICT sector

Anticipated Results	
Improved workforce quality will be demonstrated by an increase in the number of local ICT professionals with internationally-recognized certifications by approximately 100 people; increased employment and retention of ICT professionals in the ICT sector; an increase in the number of Kosovar ICT professionals with PMP certifications by approximately 10 people; and increased capacity of ICT firms to manage and successfully complete complex ICT projects.	
Activities	Status
1. Support ICT vendor certification	1. Ongoing
2. Support PMP certification	2. Ongoing
Progress	
<p>Excellent progress has been made on implementing the ICT workforce development program.</p> <p>KPEP is in the process of awarding contracts to the two local training companies who offer internationally recognized ICT vendor trainings and certifications. The Project will provide grant funds on a cost sharing basis in order to reduce the costs of the certifications and stimulate demand.</p> <p>Following a competitive process, KPEP is in the process of awarding contract to one selected local training company in becoming PMP training and certification provider in Kosovo. Trainer will be provided with incentives to introduce new PMP trainings and grants will be provided in order to reduce the costs of the certifications.</p>	

Objective 3: Strengthen ICT Association

Anticipated Results	
The ICT Association is new. KPEP sees an important opportunity to support a motivated executive director to develop this association into a sustainable organization providing a range of services to members, including support in the areas of work force development and market information, advocacy and lobbying. As the association’s membership grows, it will reach financial sustainability.	
Activities	Status
1. Conduct supply-demand survey	1. Ongoing
2. Design and production of promotional materials for ICT Fair	2. Completed
3. Develop by-laws and procedures	3. Ongoing
4. Support ECDL training and national operator’s concept through the ICT Association	4. Ongoing
Progress	
<p>Progress in strengthening the new ICT association has been excellent. More needs to be done to improve lobbying and advocacy skills.</p> <p>The Supply-Demand Survey, for which preparations are currently under way, will include questions about ICT market size and segmentation, capabilities of ICT providers, workforce</p>	

demand, and various indicators of interest to ICT Association and KPEP. The survey will be carried out by a research company in September '09.

Association is being assisted by KPEP in the process of drafting the new charter and by-laws, which will be ready for the forthcoming General Members' Assembly in September.

KPEP facilitated a meeting called by ICT Association with all ECDL providers in Kosovo where it was agreed to establish the Association's first Committee on ECDL and appointed a Coordinator.



Objective 4: Improve legal and regulatory environment for ICT sector

Anticipated Results

As a result of these changes, costs will be reduced and the quality and reliability of services will increase.

Activities	Status
1. Develop Internet exchange point	1. Ongoing
2. Support dot K S (.ks) domain name	2. Ongoing

Progress

Progress in this area is satisfactory. The status of these two activities had been "planned" in the previous quarter. On both issues, the Internet Exchange Point (IEP) in Kosovo, and the assignment of a Country Top-Level Domain (ccTLD), KPEP started work, with initial research and discussion of documents and information pertaining to the legal and regulatory environment. In May/June, telecom lawyer John Adams was in Kosovo for two weeks and worked with the Ministry of Telecommunications, Telecommunications Regulatory Authority, and other stakeholders to draft the Action Plan and the subsequent instructions and clarification documents. KPEP is also working to a suitable independent operator for ccTLD Registry and for interconnection point. This is an ongoing activity which will be continued in the next quarter and into the next year. It is a policy issue that will require close cooperation with, and ongoing support by, the relevant government institutions, including the Ministry of Transport and Communications, the Telecommunications Regulatory Agency, and the Prime Minister's Office.

2. SECTOR: TOURISM

Sector Strategy: Tourism’s designation by KPEP as a Transactional Sector means that the project focuses on specific ROI (return on investment) opportunities. These will increase sector revenue through exports (tourist arrivals) including increased spending by the international community in Kosovo, as well as domestic sales (local tourists) and increased foreign or domestic investment into the sector.

We are working at the sector level to identify strong local counterpart institutions – such as the Kosovo Tourism Association – while collaborating with other donors and leveraging the experience of other USAID projects (e.g., Macedonia).

KPEP has achieved excellent results with its first major initiative, the “Stay the Weekend – Experience Kosovo” Exhibition for 40 local travel operators, hotels, and other tourism establishments, which was opened by Prime Minister Thaci, and will build on this success with a tourism product presentation in Tirana, Albania.

■ Stakeholder Insight ■

Tourism Sector – Third Quarter

The winery pilot tour organized by KPEP was filled with great wines, excellent food, and beautiful scenery, but the thing I will remember most is the wonderful hospitality from our generous hosts.

**Robert J. Barbato, Professor at AUK
Rochester Institute of Technology**

Our clients were pleasantly surprised - the people of Kosovo were delightful. The Albanian population was especially welcoming; we were even interviewed on Kosovo national television as EU trail blazers. Regent Holidays will be back next year to Kosovo - 'On the Road' Travel Magazine

**Andrea Godfrey, General Manager, Regent Holidays
(Connected to Kosovo through KPEP)**

The Travel Day Fair made me aware of market opportunities for in-bound tourism in Kosovo and encouraged me to establish my own business. I was honored to be invited by KPEP to launch my first product presentation during the 'Join us for the Weekend – Experience Kosovo' event in Tirana

Baki Hoti, Owner, Kosovo Tourism Group



Picture 1: Promoting Kosovo Tourism Albania



Picture 2: Kosovo handicraft exhibited at the Travel Day Fair



Picture 3: Kosovo's PM and USAID to Mission Director cut the ribbon of the Travel Day Fair



Objective 1: Increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, increased domestic sales (local tourists) and foreign or domestic investment into the sector

Anticipated Results	
KPEP expects an increased number of ‘internal tourists’ (especially internationals) utilizing tourism-related experiences and packages; increased number of tourism experiences and packages developed and offered regularly by Kosovo travel agents/tour operators; and increased revenues of travel agents, tour operators and other potential experience providers.	
Activities	Status
1. Identify an institutional counterpart	1. Completed
2. “Stay the Weekend – Experience Kosovo” Travel Day Fair	2. Completed
3. “A Taste of Kosovo” Restaurant Tour & Tourism Promotion	3. Dropped
4. Be on the lookout for foreign investment opportunities	4. Ongoing
5. New: Developing the knowledge of ‘Stay the Weekend – Experience Kosovo’ travel tour suppliers to maximize marketing and promotion efforts and sales	5. Ongoing
6. New: “Join us for the Weekend – Experience Kosovo” promotion event in Albania	6. Completed
7. New: “Stay the Weekend – Experience Peja” Street Fair	7. Ongoing
Progress	
<p>The tourism sector is showing great promise as a transactional sector with strong early results with respect to increased sales and the creation and marketing of domestic experiences. The goal going forward will be to capitalize on the momentum established by specific outreach events and to launch a process of continual improvement of service offerings.</p> <p>The highlight of the Third Quarter was the launch of the first ever Kosovo Travel Day Fair on Earth Day, April 22, 2009 in partnership with the Kosovo Tourism Association (KOTAS), under the theme of “Stay the Weekend – Experience Kosovo”. It successfully involved 41 exhibitors, restaurants, hotels, tour operators, travel agencies, non-governmental organizations, and a spa center - presenting over 100 products and packaged experiences from all around Kosovo. 30 new offers for in-bound tourism were developed with KPEP technical assistance. Several businesses have reported increased inquiries, employment and sales, which are generating an estimated two to three times in additional induced spending throughout the local economy. ROI results during Q3 shows a proportion of 1:7 considering generation of sales estimated to \$420.000. Participating businesses hired 14 new employees, and one new business was established.</p>	

A culmination of all success stories were Regent Holiday's clients who experienced for the first time a tour package in Kosovo as a direct impact of a Media Tour Package for travel writer Mark Stratton from travel magazine Wanderlust, organized as joint activity of KPEP with GTZ and TPD Consulting.

Following the success of the Travel Day Fair, there was considerable interest and enthusiasm among the exhibitors, visitors and the media in pursuing travel and tourism opportunities. To maximize the product development, marketing, promotion and sales opportunities, KPEP for the coming quarter will continue with follow-up assistance for developing and building capacity of suppliers to deliver and improve product offering, developing tailored tour packages for selected groups from the international community, as well converting 'Stay the Weekend – Experience Kosovo' travel tours and packages into regularly scheduled and systematically marketed product offers.

For further development and leveraging of 'Stay the Weekend – Experience Kosovo' brand activity, KPEP for the coming quarter will launch the 'Join us for the Weekend – Experience Kosovo' promotion event in Albania on July 1 and 2, targeting Albanian citizens and internationals in Albania. In addition, next special event – "Stay the Weekend – Experience Peja" Street Fair is planned for World Tourism weekend – September 26-27 to tie into the day tour offers, handicraft and traditional clothing sales, music and dance performances, and traditional food and beverage offers.

3. SECTOR: RECYCLING

Sector Strategy: Recycling is a Transactional sector with little Kosovo-specific information available, limited private sector involvement, but valuable lessons to be learned from the recent successful experiences of both Macedonia and Montenegro. KPEP will focus only on PET recycling in Year One because of its synergies with other targeted sectors. KPEP will implement one or two concrete activities to demonstrate the benefits of recycling.



Objective 1: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector

Anticipated Results	
Based on the opportunities identified, evaluated and selected for intervention and undertaken, results will be an increased quantity of PET plastics recycled and exported; increased number and value of sales of recycled products; and increased investment in recycling sector, including foreign direct investment (FDI).	
Activities	Status
1. Identify potential opportunities to increase recycling and generate public support	1. Ongoing
2. Identify opportunities to collaborate and cooperate with other projects and other donors	2. Ongoing
3. Develop and implement action plan	3. Postponed for Y2
Progress	
The NGO Lulebora located in Shtimje was identified by KPEP as an actor in the sector who could achieve an increase in the quantity, sales, and export of recycled PET plastics. A feasibility assessment of launching an efficient and economically valuable plastic recycling activity, i.e. the pick up of PET bottles from USKFOR camp Bondsteel, has been undertaken. The assessment’s key findings will help KPEP to make a decision whether to support Lulebora in the upcoming quarter to reach capacities for an efficient cooperation with Bondsteel. In addition, Lulebora has been approached by KPEP and Bondsteel as potential partner for a pilot project with the community and schools of the Municipality of Viti/Vitina on waste collection and awareness campaign through KFOR radio channels.	
In addition to Lulebora, KPEP has identified 49 local NGOs throughout Kosovo that are running different environmental projects supported by donors and municipalities, considering waste collection and education-public awareness as part of such projects. This is a good network of NGOs that can be used by KPEP in a later stage when plastic recycling activities are being implemented. The European Commission has launched a project inviting environmental local NGOs to apply with their ideas ‘For a Clean Country’. KPEP is assisting Lulebora to apply with their plastic recycling activity. The Norway Red Cross has established the NGO MRM, which will do PET collection in the Mitrovica region. KPEP is looking to establish business linkages between NGO MRM and Lulebora.	

KPEP has worked with MDC-TiNET from Skopje, who implemented the USAID Plastic Recycling Project in Macedonia, a project that has helped in the collection and recycling of close to 15,000 tons of PET waste in 2009, 3 times more than in 2004, and attracted FDI of \$4.1 million. In addition, MDC-TI.Net has developed a well organized network of 16 recycling companies in Macedonia which KPEP is looking to tap into direct linkages with Kosovo PET collectors and recycling firms in order to increase quantity of PET plastics recycled and exported.

Due to lack of information about Kosovo firms and entities in the recycling business KPEP determined that we needed an assessment of the plastic recycling industry in Kosovo to build up a body of information through an operative and financial feasibility study on plastic waste collection, which will be launched on the upcoming quarter. The feasibility key findings will help KPEP to gain a clearer understanding of the recycling sector in Kosovo and identify opportunities for interventions that should result in an increased quantity of PET recycled and exported and increased value of sales of recycled products.

4. SECTOR: FABRICATED METALS AND AUTO PARTS

Sector Strategy: KPEP interventions will be carefully targeted to activities that are complementary to the work of other donors, particularly GTZ, and those that present the potential for high return on investment. We will also look for synergies with other KPEP sectors, such as construction and agriculture.



Objective 1: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI

Anticipated Results	
<p>Before specific results can be established, KPEP needs to identify specific transactions and interventions. However, in general, the project expects to find opportunities for transactions in Fabricated Metals and Auto Parts and to undertake appropriate interventions. These activities will increase the number and value of sales, jobs and investment in Fabricated Metals and Auto Parts.</p>	
Activities	Status
<p>1. Identify GTZ involvement in Fabricated Metals and look for opportunities to provide complementary support</p>	<p>1. Ongoing</p>
<p>2. Review of existing auto parts industry and potential to link to regional automobile manufactures</p>	<p>2. On Hold</p>
Progress	
<p>KPEP continues with its assistance efforts for Gorenje Elektromotori (GE) to find solutions for new export-oriented production programs - electric motors for washing machines. McLean based researcher has undertaken research on global trends in the household appliance industry that will help GE make correct decisions regarding new production programs and investments. Furthermore, GTZ is looking for a senior expert to work on defining requirements for quality control for inputs and processes according to international standards.</p> <p>Concerning the auto parts industry, due to worldwide auto business crises, KPEP interventions have been placed on hold.</p>	

5. SECTOR: DECORATIVE STONE

Sector Strategy: The core strategy will be threefold: maintain contacts with quarries regarding opportunities and needs; network with current and potential investors to keep abreast of investment activity; and facilitate investment opportunities where and when feasible.



Objective 1: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed

Anticipated Results	
Swift and wide-ranging results are not expected. However, transactional results (e.g., investment (FDI), new market access, increased sales) will be actively pursued and one or more high-impact results are viable but nominally expected.	
Activities	Status
1. Stay abreast of sector developments via media reports, local industry records, systematic contacts with quarry and stone/ceramic fabrication enterprises, and flash surveys	1. On hold
2. Pinpoint opportunities for FDI and keep abreast of investment activities	2. On hold
Progress	
Due to the significant constraints facing the sector (significant financial investment would be required for equipment - up to € 1-2 million per quarry, and pre-investment surveys and technical examinations by international certification bodies) and more promising opportunities in other transactional sectors, planned activities for decorative stones have been placed on hold.	

II. COMPONENT 2: BUSINESS SUPPORT SERVICES

This part of the KPEP project is designed to ensure that businesses in Kosovo have available the necessary business and technical support services in country. The Business Support Services Component defines the term “business service provider” (BSP) broadly, encompassing private firms, partnerships, solo practitioners, non-government organizations (NGOs) and associations. The component’s strategy is to use practical approaches to capacity building and include direct work with project clients as a training tool. The component also builds on past experience and success and works collaboratively both within the project and within the broader community.

■ Success Stories ■

Business Support Services – Third Quarter

First Kosovo Premier Advisor Certificates Awarded

Six local consultants are now the first Kosovo Premier Advisors, certified by KPEP after completing an intensive training program. These certificate-holders are the first six of the 12 participants in a pilot training program. They come from various backgrounds and expertise.

The Kosovo Premier Advisor training was designed to improve business plans, feasibility studies, project proposals and similar documents prepared by local consultants for various clients – private businesses, associations, donor organizations and others. The program consisted of classroom training and practical exercise.

During this quarter, the component strategy was re-visited after the departure of the full-time international expert. This individual was replaced with a part-time international expert who will make quarterly visits to Pristina. This decision was made upon realization that other similar donor efforts are underway, which was not the case when USAID designed the request for proposals for KPEP. It has become clear that other donor projects in this area, which were planned for completion, have in fact continued, creating possible duplication of efforts. A part time international presence for this component was therefore deemed to be the most appropriate level of effort.

Supporting this part time international expert and running the day to day activities for the component will be a local Business Support Specialist. KPEP has interviewed several individuals for this position and is still seeking the appropriate person to fill this role. In the interim, the BSS component is working with local short term consultants to ensure that activities continue.



Picture 1: Ms. Hajdari receives her certificate



Picture 2: KPEP certified 12 KPAs



Picture 3: First cohort of KPAs



Objective 1: Support KPEP target sectors through the development of technical service providers.

Anticipated Results	
Appropriate local service providers will be able to meet the type and quality needs of KPEP sectors, thus increasing the likelihood of sector results being achieved.	
Activities	Status
1. Support sectors in identifying local service providers	1. Ongoing
Progress	
<p>From the beginning of the project, KPEP has employed a model whereby international experts are employed for short-term technical assistance (STTA) assignments where local expertise is lacking or less than desirable. The BSS component has taken the lead in partnering international STTA consultants with local BSPs who are integral to the international consultants’ assignments. This “partner training” builds on existing expertise and success – and helps to ensure a transfer of knowledge and skills from the international to the local consultant. For example, this quarter several former KCBS staff members were partnered with international consultants who enhanced and expanded the local consultants’ knowledge, expertise and experience in their given specialties. KPEP is in the process of formalizing this “twinning” process to ensure that all team members are aware of incoming STTAs and twinning opportunities as well as to ensure fair competition among local candidates.</p> <p>As a mechanism to reinforce the value of the associations, KPEP is also looking to develop a model whereby international experts in country for the KPEP project can be accessed by member companies for a fee. For example, in the coming quarter an incoming expert from the Wood Sector will spend time with AWPK companies for a fee, which will go to the association.</p> <p>BSS also worked with KPEP sector teams to reinforce technical service providers. A local consultant was contracted to work with AWPK member companies attending the LIGNA international fair in Germany. A local consulting firm was also contracted to complete a survey and gap analysis on agricultural inputs from suppliers. Finally, KPEP began discussion with the Information and Communication Technology Association regarding the development of a supply/demand survey for the ICT sector.</p>	

Objective 2: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector.

Anticipated Results	
Results will be indicated by improved revenue and increased employment among BSPs.	
Activities	Status
1. Implement “Kosovo Premier Advisors (KPA)” training for potential trainers	1. Completed
2. Implement/continue KPA association based on feasibility study completed by participants in pilot training	2. Under review
3. Develop training skills training program for female consultants in cooperation with local trainer and pilot	3. Ongoing
4. Develop consulting skills training program for subject matter experts and solo consultants and conduct two pilots, lawyers and consultants	4. Completed
5. Support management consultants in pursuit of international certification (CMC) in collaboration with TAM-BAS program.	5. Ongoing
Progress	
<p>Following the initial pilot of the Kosovo Premier Advisors (KPA) program, during this quarter KPEP reconvened the KPA group to assess the value of the program and discuss whether a second pilot should be implemented. The group felt overwhelmingly that a second pilot would be valuable, provided that a few important changes were made:</p> <ul style="list-style-type: none"> • The trainers should come from the first KPA group; each component should be delivered by a specialist • The selection process for the next round should be revised to ensure that it is more rigorous • The 10 day course should not be delivered all at once; it should be split into phases • The training materials should be distributed ahead of time <p>Based on this feedback and additional conversations with stakeholders, the decision was made to move forward with a second KPA pilot in the fall timeframe.</p> <p>In addition, KPEP distributed the recently completed KPA feasibility study to the KPA group. The feasibility study assesses the options and value of establishing an association for KPA-trained consultants. The group is reviewing the study and will reconvene to discuss next steps with regard to the creation of a professional association. Of note is the importance to collaborate with others, such as TAM-BAS, which share the intention of creating a</p>	

professional association for business consultants. There is general agreement across stakeholders that Kosovo's market can not currently support more than one professional association for business consultants.

With regards to the training of business consultants, after the completion of the successful training for business consultants and lawyers, the KPEP team realized that female consultants may benefit from gender-specific training to address some of the additional challenges they face in the business environment. KPEP is therefore in the process of gauging the interest/need for such training and is speaking with local trainers.

Finally, this quarter, the KPEP team also met with TAM-BAS to check in on the progress of the Certified Management Consultant (CMC) program. KPEP stands ready to collaborate with TAM-BAS and to support Kosovo management consultants in attaining this internationally-recognized certification.

Objective 3: Enhance the ability of associations to advocate for, communicate to and market their associations and members.

Anticipated Results	
<p>Association memberships increase when potential members perceive tangible value of belonging to an association. As that reality evolves, we also expect that association members, the relevant Government of Kosovo ministries and other stakeholders will come to have a greater understanding of the role of the associations in their industries and of their contribution to Kosovo’s economic growth.</p>	
Activities	Status
<p>1. Administer Association Development Index for the project baseline</p> <p>2. Develop trade fair manual and participation training program that prepares companies to be visitors or exhibitors at international trade fairs and partner with local firms</p> <p>3. New: Develop and deliver training to associations which participated in the Association Development Index; Develop a course which focuses on “Association Fundamentals”</p> <p>4. New: Support associations from KPEP’s identified transformational sectors to advocate and lobby for key policy issues in their sectors</p>	<p>1. Completed</p> <p>2. Ongoing</p> <p>3. Ongoing</p> <p>4. Ongoing</p>
Progress	
<p>KPEP recently convened the associations which participated in the Association Development Index (ADI) to discuss the results of the assessment and areas where KPEP could best offer support. As a result of this and other discussions, KPEP has decided to focus on two tiers of associations. Tier 1 represents the 16 associations which participated in the ADI. While some of these associations are further along in their development, all demonstrated weaknesses in key areas on the ADI. KPEP therefore proposes to develop an “Associations Fundamentals” training and accompanying manual for these associations.</p> <p>KPEP then proposes to work on sector-specific issues with those associations which represent transformational sectors in the KPEP project. These include the following sectors: dairy, ICT, construction, and wood. While initial sector-specific work will focus on advocacy support for key policy issues, KPEP will stand ready to assist with other areas of technical assistance as appropriate. These activities will be defined over time as priorities arise. This work will be done in close collaboration with the KPEP sector teams.</p> <p>The trade fair manual has been completed and is available both in English and Albanian. KPEP intends to create an accompanying training module for all associations planning on attending a trade fair.</p>	

III.COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

The strategy of the BEE Component continues to focus being highly responsive to the specific competitiveness requirements of the sector-focused components of the project. The Component remains highly flexible to changing circumstances in the legal and regulatory environment. As planned, significant effort is in the areas of reaction to significant and immediate legal/regulatory barriers to KPEP-related transactions, and rapid development of implementation and enforcement of critical laws and institutions. While particular emergent circumstances have required adaptation of tactics, the overall strategy of the BEE Component remains the same as planned at the beginning of the project.

■ Success Stories ■

Business Enabling Environment – Third Quarter

Kosovo lawyers: professionals or entrepreneurs?

This is a dilemma that the legal community in Kosovo is struggling to adapt to changes in the legal environment and be prepared for an open and competitive market. To help lawyers earn new skills, BEE jointly with Judge Advocate General organized a workshop for legal practitioners from Kosovo, who together with American and European lawyers discussed ethical aspects of the legal profession and general standards of professional responsibility. KPEP will continue with its efforts to advance a broad-based BEE.

Tourism Law: Bujar Kuçi, Head of the Department for Tourism, wrote to KPEP to indicate the Ministry's appreciation for the proposed recommendations to the tourism law made by KPEP, which the government working group is considering to incorporate in the new draft. Creating a sound and flexible legal environment for tourism will significantly contribute to the development and advancement of tourism sector in Kosovo resulting in revenue growth and more employment opportunities.

■ Stakeholder Insight ■

[..] "The 2-day seminar gave me an invaluable roadmap to continue my legal in order to deliver more qualitative services to local and international clients. My attention was drawn by the necessity of producing a business plan in our small law firms. I have always thought that such plan should be produced by the owners of big corporation and not for us, lawyers from Kosovo, because "we know everything and wait for clients to knock on our door or read our website when they are in need of a Kosovo lawyer". You made me understand it is WRONG! If I want to achieve my plans in organizing a real partnership with several "expert" lawyers, the first step: A BUSINESS PLAN and a PARTNERSHIP AGREEMENT

Albert Islami, Lawyer

Because of the critical importance of assisting with growth in Kosovo exports, BEE has placed additional emphasis on work with regional trade and export facilitation.



Picture 1: Kosovo lawyers attend BEE training



Picture 2: Business Ethics Roundtable in Bondsteel



Picture 3: Training local consultants



Picture 4: FDI training in Pristina



Objective 1: Support KPEP target sectors through the achievements in the Business Enabling Environment.

Anticipated Results	
Targeted Sectors will be efficiently supported	
Activities	Status
1. Assist in resolving the potato revaluation issue on potatoes exported from Kosovo to Albania	1. Completed
2. Review and commentary on Draft Food Law	2. Completed
3. Review and commentary on Draft Construction Law	3. Completed
4. Draft recommendations on Architect and Engineer Licensing regime	4. Completed
5. Draft recommendations in collaboration with AWPK on discontinuation of certain import tariffs	5. Completed
6. Review of overlapping laws in forestry sector	6. Ongoing
7. Review and commentary on draft Law on State Domain and made recommendations on alternatives	7. Ongoing
8. Commentary and recommendations on amendments to draft law on Tourism. Recommended private sector stakeholder consultation	8. Ongoing
9. Review of Laws and Regulations related to Recycling – E.g., Collection and Transport of Waste.	9. Completed
Progress	
<p>The emergent nature of the demand-driven sector-specific work in which BEE engages makes it difficult to anticipate in a workplan. Virtually all of the work outlined above wa at least partially unexpected before it arose. The BEE team fielded each of these tasks quickly and with a sense of urgency, and produced results that were comprehensive and well-considered. More information about the level of success of the interventions can be found in the relevant sector section of this report</p> <p>Interventions were chosen based on two factors:</p> <ul style="list-style-type: none"> • Importance of the intervention to KPEP’s success in the sector; and, • BEE’s ability to achieve results quickly and efficiently. 	

Objective 2: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment.

Anticipated Results	
Competitiveness indicators will improve	
Activities	Status
1. Update the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators	1. Completed
2. Complete the first stage of contracting capacity building programming by drafting several contracting “briefers” as a part of materials for trade show participants	2. Completed
3. Support opportunities for Public-Private Partnership	3. Ongoing (pending promulgation of PPP Law by the President)
4. Implement Business Consultant Training Program in collaboration with the KPEP BSS Component and ABA-CEELI	4. Completed
5. Organize Legal Ethics Roundtable for lawyers with Judge Advocate General (JAG) team from Bondsteel	5.. Completed
Progress	
<p>BEE organized the Business Consulting Training, held on 29, 30 of May. The training included 14 representatives of different business consulting companies in Pristina interested in developing the practical skills demanded of a private business consultant. Participants went through training exercises and interactive discussion on various topics such as Defining Market Segments, Business Development and Marketing Strategies, Ethics, Time Management and other topics critical to a professional consultancy practice. Participants successfully completing the training were given certificates of completion.</p> <p>BEE organized a second Business Consulting Training, this one designed specifically for practicing lawyers, on 5, 6 June. The training included 9 commercial lawyers (advocates registered in the Kosovo Chamber of Advocates) at different stages of developing their practices. The group was a mix of solo practitioners from different regions of Kosovo and law firms in Pristina. The core curriculum of the training included an introduction to drafting a business plan, communicating an effective business message, identifying target markets, developing marketing strategies, ethics, and time-management. It also focused on document management, contracting and negotiation skills. Final reporting on both trainings has been submitted to KPEP by the assigned trainers and is currently being finalized.</p> <p>Both business consultants and lawyers who are developing their practices need practical training for nearly all aspects of business development based upon their responses to presentations and exercises and their enthusiastic participation. Both groups will benefit</p>	

from cross-communication, assisting each other as individual business and practice owners and representatives of their sectors to boost economic development and opportunities. Current senior university and graduate students could benefit from this type of practical, pragmatic training about business development to supplement their university education that is mainly theoretical.

In collaboration with the Judge Advocate General (JAG) team of the Multi-National Task Force (East) located at Camp Bondsteel, BEE organized a workshop for lawyers entitled “Legal Professional Responsibility of the Lawyer in a Globalizing Economy”.

The workshop gathered legal practitioners (advocates) from Kosovo, and American and other European lawyers to discuss the ethical aspects of the legal profession and general standards of professional responsibility in Law Practice. The Roundtable included experienced lawyers in different areas of practice from the JAG team and the Business Enabling Environment of KPEP who presented on Legal Professional Responsibility from the US perspective, Commercial Legal Professional Responsibility Commercial Legal Realities in Emerging Economies and the Right to Practice Law in the European Union.

Kosovo, while very poor on legal capacity, is also struggling with another feature of its status as a post-socialist society - whether the lawyer is a professional or an entrepreneur. Kosovo lawyers (and the mechanism that oversees them) need to adapt and prepare for an open and competitive market, for this they need the proper commercial training combined with standards of professional responsibility. KPEP in cooperation with local and international partners will continue to conduct such trainings to the advancement of broad-based Business Enabling Environment.

Objective 3: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements.

Anticipated Results	
What begins with Kosovo’s acceptance of the terms of the Central European Free Trade Agreement (CEFTA), and the promulgation of a simple trade policy, must ultimately result in growth in exports and in industries dependent on raw materials imports. The goal is to improve understanding of agreement and improved ability to assert rights and undertake obligations.	
Activities	Status
1. CEFTA related work	1. Ongoing
Progress	
Kosovo is at the very beginning of this journey, and exhibits frustratingly poor capacity in understanding, much less defending it rights under, CEFTA. We are in the early stages of engaging key government and private sector actors. Established cooperation with the trade department from the Ministry of Trade and Industry in charge of CEFTA implementation, continuing coordinate with relevant institutions. BEE has been in communication with mechanisms responsible for the implementation of CEFTA Agreement. Efficient Implementation of the CEFTA agreement appears to become more difficult for Kosovo due to political differences between Kosovo and Serbia. As a result on few instances Kosovo delegation abandoned CEFTA regional meetings, this is a growing concern. Continuing to monitor latest developments. Planning a potential seminar which will bring stakeholders together to discuss on current implementation of CEFTA.	

Objective 4: Support increased foreign direct investment

KPEP’s goal is to attract foreign direct investment (FDI) across the entire spectrum of its sectors. This is an ambitious proposition, given the image that Kosovo has in the world, the international financial crisis, stiff competition from neighboring countries, and the fact that the Government of Kosovo neither offers an attractive incentive package to potential investors nor has it created a competent promotion agency. However, Kosovo has had some success already in attracting foreign investment and we will build upon and leverage this experience to identify and promote specific investment opportunities.

■ Success Stories ■

About 35 Kosovo company representatives and consultants, as well as representatives of AMCHAM, IPAK, and ECIKS attended a two-day training organized by KPEP on the typical requirements of an investor, and on how to present to and negotiate with an investor. 10 companies expressed interest in being evaluated as potential investment targets. Consultants rated the seminar highly, 85% stated that the seminar met their expectations, and 8 confirmed that they acquired new, immediately applicable skills.

The results are already there. One of the FDI Consultants, BESA Consulting, signed an MOU with KPEP and the recycling company Goldpack, to undertake investment consulting; several other FDI consultants are in negotiations with potentially interested companies.

The Economic Advisor to the Prime Minister of Kosovo Driton Qehaja expressed interest and support of KPEP plans in this area.

Anticipated Results

Our strategy for FDI includes work on supply, identifying and preparing investment ready companies, demand, developing a network of potential investors, and intermediation, finding cost effective ways to getting the parties together. Our goal in the first year is to improve understanding and awareness of the potential beneficial role FDI can play and to help the local business community better understands the requirements of a potential foreign investor.

Activities	Status
1. Organize Foreign Direct Investment Workshop	1. Completed
2. Prepare investment briefs for high prospect local firms	2. Ongoing
3. Identify and network with potential investors particularly from the Diaspora community	3. Ongoing
4. Support specific investors	4. Ongoing

Progress

KPEP has found that the initial challenge is in identifying investment ready companies that can be attractive investor targets. Progress has been slow as can be expected given the small size of the local economy and depressed state of foreign investment worldwide.

KPEP organized a foreign direct investment seminar on April 24/25, presented by an international investment adviser and broker. 35 company representatives and consultants attended the workshop, learning about what to expect from a foreign investor, and what information to prepare and make available to them. The consultants were trained on the second day on how to present investee information and how to negotiate with an investor. Following this workshop, KPEP encouraged consultants and companies to cooperate to conduct due diligence, and completed with a positive outcome, develop a marketing brochure and an investment memorandum. ECIKS, the Kosovo’s FDI Agency’s Vienna office, as well as the NAAC agreed to look for investors for these firms. To date, one MOU was signed.

Several other pairings are in the early stages. KPEP and NAAC have been in discussions regarding presentations by diaspora business representatives based in the US, to Kosovo businesses on their interests and expectations. KPEP is also inquiring into the interest of angel networks – informal groups of private investors – in the region and in the US, who might also be willing to invest in Kosovo businesses or greenfield projects.

IV. COMPONENT 4: WORKFORCE DEVELOPMENT

Improving the competitive position of Kosovo business firms and sectors is the aim of workforce development. A skilled workforce will be required in order to support the kinds of changes involved in embracing global and regional competitiveness. Quality management, value-added processes and procedures, and connecting to new markets in the region and in the world will all require new and different skills in current and future workforce participants. New systems to provide access for students, the unemployed to current jobs and even new professions will be needed.

Following extended planning activities in the first quarter of the project, KPEP now intends to pursue both immediate activities, and longer-term, system building priorities in the workforce development arena. An intensive re-planning process in the second quarter is now beginning to show fruit. Programs are of two types: **sector-focused** training, often very concrete, demand-driven skills development with firms or associations in individual KPEP sectors, and **cross-cutting** initiatives, which may involve several sectors, and may take a broader, system-building approach to workforce development.

The current staff of the KPEP WfD Component was hired and began work in early March 2009. The revised Work Plan was vetted by the KPEP leadership and was approved in late March by USAID. Consideration is now being given to KPEP's proposal to engage an international expert on a recurring basis to continue to lead and develop this effort. The basic strategy being followed engages five core objectives:

- *Supporting priority KPEP sectors through effective training and other activities.*
- *Institutionalizing workforce programs that increase the capacities of workforce development organizations*
- *Improving Kosovo public training programs to make them more responsive to industry needs, and to be more practical and experiential*
- *Assisting selected training/other institutions to create new improve service offerings and to improve existing programs*
- *Taking measures that increase the entrepreneurial skills of youth*

■ Success Stories ■

Workforce – Third Quarter

Open House in Carpentry VET: In response to a KPEP initiative, More than 30 ninth graders in the process of choosing a course of study in secondary school, visited the Carpentry Vocational Education and Training center in Peja to explore their interest in this field. Pupils were excited about the opportunities. One student stated "I'm really thinking to be a furniture designer"

Job Fair; KPEP organized a Job fair in Peja for more than 55 participants: wood processing companies offering jobs and internships and senior/graduated carpentry students looking for them. Four of the participating companies offered more than 10 internships with possible employment if students are successful in the probation period.

Business Competition: Faton Sopa, Peonare Caka, Elvira Ahma and Dardan Sylja, are the winners of the Kosova Case Challenge, who will participate in Balkan Case Challenge in Vienna. The Case Challenge was sponsored by KPEP, and provided an opportunity for students to demonstrate their knowledge by presenting their business plan and ideas on opportunities for exporting products made in Kosovo. This was a pilot for further KPEP entrepreneurship activities.

Following is a summary of the activities and accomplishments for the Quarter, by Objective.



Exhibition at the Carpentry VET in Peja



Job Fair: Shpendi Com. Offered two internships for senior students



Kosova Business Case Challengee

Objective 1: Supporting KPEP sectors through create effective skills training and other activities

Anticipated Results

KPEP anticipates programs for *future workers* and for *current employees* to characterize our sector-targeted workforce development. *Future worker* programs include internships for university and secondary students, with placement in sector firms. Moreover, we have piloted during this quarter an approach to internships or employment for senior students in vocational education centers, again linked to our targeted sectors. Both short-term results and long-term results are anticipated from this sector-related training. For example, as many as 10 dairy interns may be expected to be hired by dairy processing firms. The internship is also seen as a pilot for internships in other sectors. Construction and wood products sectors are the next targets for expanded sector-related internships, with tourism to follow. We expect to expand the dairy internship, and to place 10 interns in each other sector as negotiations mature with business organizations in those sectors. *Current employees* with jobs in our sectors will, in many cases, require skills upgrading. The training during the last quarter in kiln drying in the wood sector is a good example, and consideration is being given to similar programs in other sectors. We see the beneficiaries of these programs to be both the *employees* (who gain skills to upgrade their current performance and increase job mobility) and the *employers* (whose productivity may be expected to increase as their employees master new skills and new technologies).

Activities	Status
1. Dairy Internship Program – 10 interns	1. Ongoing
2. Feasibility study for internship program with Road Construction Assoc. and Kosova Assoc. of Architects	2. Under development
3. Job Fair in Peja with wood and furniture-related firms	3. Completed

Progress

A good start has been made in integrating workforce development initiatives into key sectors and valuable experience gained on how to expand and improve training activities.

The Workforce development team anticipates two levels of results: improved connection with the selected sectors and better-prepared future employees will result (indeed, have already) from the specific internship programs cited here and under Objective 3. But at another level, we are ourselves learning how to plan and conduct an effective internship. This learning will be helpful as we examine internships with other sectors, and as we expand those program already begun. Moreover, what we learn should also be helpful to future USAID workforce development initiatives and possible Government of Kosovo programs.

The team prepared the all internship procedures, application forms, learning objectives and internship tips -- to be used by dairy interns, contracting company and internship coordinator. The Workforce development specialist was part of the recruitment process of the 10 best candidates for the Dairy internship and also provided instructions to all interns on learning objectives and recording.

Ten Interns have completed two rounds of training on dairy and EU standards and have started their internship under dairy sector supervision. Initial conversations have been held with KPEP sector leads to begin to plan expanded internship programs. These should develop over the next quarter.

Objective 2: Institutionalizing Kosovo workforce programs that increase capacities of workforce development organizations

Anticipated Results	
<p>KPEP’s strategy is to develop and pilot programs initially, related to our targeted sectors, to demonstrate their viability, then to offer them in active collaboration with local Kosovo institutions. The aim – both in the pilot and the institutionalizing phases -- is the same: to deliver high quality training programs aimed at building critical skills in selected sectors on an ongoing basis. The goal is to make such training available at scale through institutional adoption. In that phase, KPEP will shift to a capacity-building activity, and away from direct service delivery. The initial activities involve curriculum development in two areas: furniture design, and food safety</p>	
Activities	Status
<p>1. Initial discussion with MEST and MLSW for developing a Furniture Design Curriculum for Technicians (secondary level)</p> <p>2. Initial discussion for including HACCP course into curriculum at the VET (secondary level agricultural school and/or Life Long Learning program</p>	<p>1. In development</p> <p>2. In development</p>
Progress	
<p>KPEP’s Workforce Development component has identified two sector specific trainings which could be institutionalized with local Vocational Education and Training Centers.</p> <ul style="list-style-type: none"> ▪ furniture design for technicians being trained in as many as 4 local VETs, ▪ Food safety (HACCP standards) course to be developed with food safety and inspection experts to engage in long-term training in this field. Potential partners include current VET’s or the agriculture-focused “Center for Excellence being proposed by the MEST. <p>While both activities are at an early stage, these are important areas and the potential to successfully institutionalize these courses is high. We see them as pilots to demonstrate the usefulness of this institutional impact strategy. If successful, we expect to focus on similar developments in other sectors. We have had positive planning sessions with key potential public partners:</p> <ul style="list-style-type: none"> ▪ Ms. Jehona Namani, Director of the Vocational Training Centre division of the MLSW ▪ Ms Valbona Fetiu, Director of the Vocational Education and Training division of the MEST, ▪ Mr. Xhevdet Elezi, Coordinator of the Agricultural School in Lipjan, Food Technologists, Ms Fitnete Shala and Mr Ajet Troshupa, and Coordinator of Life Long Learning Mr. Feti Krasniqi ▪ An agriculture-focused MEST “Centres for Excellence” is another target. 	

Objective 3: Improving Kosovo public training programs to make them more responsive to industry needs, and to be more practical and experiential

Anticipated Results

Graduates of universities and of secondary schools lack hands-on experience in their fields of study and future employment sectors of choice. KPEP’s initial strategy, as outlined above, is to create systems of internships for university graduates in our targeted sectors. As these develop – initially as pilots – they will be expanded, and new sectors targeted. As this develops, we will undertake the development of internships for secondary graduates – especially from VET schools with programs in KPEP priority sectors. Initially, in this first full year of the program, only university students will participate. 3rd or 4th year university students will be trained through internships or special competitive events, and it is anticipated that many will be hired in the sectors – even in the particular firms – where they have served internships. In this quarter one internship program (in Dairy – see above) and one competitive event have been delivered, and a second internship program has been launched. A total of 30 have participated, including the ten more that have just been placed. As 10 have already been “counted” in the sector-focused category, 20 are accounted for here. While it is true that we view the internship as a vital, experiential part of students’ education, our experience and expectation is that students who have been successful interns will also be greatly advantaged as they seek full-time employment.

Activities	Status
1. Support the Business Case Challenge	1. Completed
2. Conduct pilot business and economics internship program	2. Ongoing

Progress

While internships are but one strategy for providing practical experience, they are a proven commodity. We have made a good beginning, both in sectors (dairy), and in cross-cutting work. The next quarter and the second year promise considerable expansion in both areas.

The Kosova Business Case Challenge aimed to open new opportunities for excellent students of the higher education system of Kosova through provision of concrete job opportunities. The project was supported by KPEP and implemented by World University Service Austria. Fourteen students were selected to participate in a competition for developing a business idea and plan on opportunities for exporting wood products made in Kosova. Eight students (50% female) presented their business ideas in front of jury members comprised of KPEP and the business sector. The best four students (50% female) will participate in the Balkan Case Challenge where students of different countries from South-East Europe will compete. As an unanticipated benefit, three students who have participated in the competition, have begun their internship with MDA and Raiffeisen Bank.

Internship in Business and Economics. In response to a request from the Ministry of Economy and Finance, KPEP has developed an internship program in collaboration with 2 universities (AUK and UP –Faculty of Economics) and 5 employers who will host the interns in a six-month paid internship experience (MTI, MEF, Kosova Customs, the Kosovas Chamber of Commerce, and KPEP itself). The WfD team prepared the SOW and announced RFP for the Business and Economics internship, and awarded the coordinating contract to WUS Austria. The contractor is responsible for all documentation, and for recruiting, managing, and monitoring 10 interns.

The B &E internship was announced on June 10, 2009, and 93 applications were received by June 17. The selection committee compiled a short list of the 24 best candidates (37% female), which was submitted to 5 institution (including KPEP). All institution interviewed at least 3 candidates for each position. On June 30, WUS Austria carried out orientation training and on the same day, 10 interns were placed at their working sites: MEF is hosting 5 interns; MTI is hosting 1 intern; Kosovo Customs is hosting 2 interns; OEK is hosting 1 intern; and KPEP WfD component is hosting 1 intern.

Objective 4: Assisting selected training/other institutions to create new improve service offerings and to improve existing programs

Anticipated Results

Job counseling entails helping trainees gain a better understanding of themselves in relation to the world of work. Resultant insights help job seekers make informed decisions and achieve employment ambitions. To this end, KPEP intends to assist trainees with vocational choice, change and adjustment, provide guidance to reduce barriers to employment, disseminate essential labor market information, provide information on occupational requirements, provide assistance on job search and CV preparation, provide coaching to job seekers for job interview preparation, conduct employability workshops and soft-skills trainings, and provide employment follow-up and aftercare. The end result sought is jobs for youth. These results will be tracked on an intervention-by-intervention basis. Two initial approaches under development are Job Fairs and YES Centers.

Job Fairs are a tried and true technique for introducing employers and job-seekers to each other, face-to-face. During this quarter, KPEP created its first pilot, focused on carpentry and wood manufacture, in Peja. A successful initial venture suggests that future Job Fairs – in other sectors and in other regions would be similarly successful.

Municipal-based youth centers may prove to be a good venue for a second significant cross-cutting venture: Youth Employment Service (YES) centers. Discussed at length with officials from the Ministry of Youth, Culture and Sports, this idea also grows out of similar experiences in several European countries and the United States. A scope of work for a feasibility study for proposed YES (Youth Employment Service) centers was developed. The feasibility study will consider the design features and implementation considerations of establishing YES centers in two municipalities from a list of six candidates, and if judged feasible, will present an implementation plan. If judged to be feasible, KPEP will commit implementation funds for an initial two years for these pilot centers.

Activities	Status
1. Job Fair for Carpentry VET and Marketing for Carpentry VET in Peja	1. Completed
2. Conduct feasibility study for creation of YES Center Network	2. SOW prepared, KPEP funds approved, long-term operational funds reserved

Progress

KPEP has begun to implement its strategy to improve the quality and variety of services offered by local institutions. The job fair in Peja can serve as a model for improving job fairs across other sectors. The YES Center concept would both improve and coordinate the services offered by existing organizations.

On June 25, a Job Fair and Marketing linked to a carpentry and furniture-making VET in Peja was conducted in two parts: an Exhibition for lower secondary students, and a Job Fair linking senior students with potential employers and internship hosts. The purpose of the exhibition was to introduce students of 8th and 9th grades to the skills they can acquire by enrolling in the carpentry VET in Peja. More than 30 pupils participated. The purpose of the job fair was to link students of 12th and 13th grade with companies and giving them a chance to present their credentials for future internships and jobs.

-- The Job Fair was attended by more than 55 participants: wood processing companies, senior carpentry students ready to begin their job search, and representatives of local

authorities and civil society. The job fair enabled the Regional Employment Center and the Association of the Wood Processors of Kosovo to create linkages with interested wood processing companies. Four participating companies offered more than 10 internships with possible employment if students are successful in the probation period.

- AWPK announced that Association’s website will include a link where the list of graduated candidates on carpentry will be published, as an opportunity for employer to seek trained candidates and stimulation for graduating students.
- The event was closed by a press conference for the regional media, and provided an opportunity for the Director of VETs, the Executive Director of the AWPK, Director of the Regional Employment Center and KPEP Director of Operations and WfD Lead to introduce and discuss their programs.



Objective 5: Taking measures that increase the entrepreneurial skills of youth

Anticipated Results

In a stagnant economy with few jobs available in the formal sector, one possible solution to job creation is through the support of entrepreneurship and enterprise creation. KPEP’s program, the Pilot Entrepreneurship-Micro-Enterprise Training Program, is our first effort in this field. A request for proposals has been issued to select an implementing partner for a program that aims to:

- train 50 youth, 18 to 30 years of age, who can acquire the knowledge and skills required to either start-up or re-organize/improve a small business, or find meaningful employment in an ongoing business enterprise.
- increase efficiently and effectively of NGOs or Municipal Governments by hosting programs implemented by external entities;
- increase capacities of local hosting institutions, by creating a “model” that might be adopted by other municipalities.

Activities	Status
1. Entrepreneurship training program in two pilot municipalities	1. Ongoing

Progress

Development of an entrepreneurial training program is at an advanced stage.

In order to ensure the feasibility of the project two microfinance institution KosInvest and International Center for Community and Enterprise Development were contacted. We had positive feedback from both of them. The SOW and RFP were finalized and announced on June 30. A curriculum with at least ten modules will be required, along with links to microfinance, business planning supports and coaching. Proposals are due July 21, with the project slated to begin planning and curriculum development in August and instruction in the Fall, depending upon the schedule negotiated with the successful offeror.

V. MANAGEMENT AND OPERATIONS

A. PERFORMANCE BASED-MANAGEMENT SYSTEM

1. Summary

This quarter KPEP has achieved a hefty growth in sales, investment, and full time jobs. KPEP saw a €13.5 million increase in sales – that is more than double the original target of €6.3 million. Investment growth has been remarkable as well reaching €6.8 million, about three times the target increase of €2.4 million. KPEP-assisted companies added 127 full time equivalent (FTE) jobs. While it is below the target increase of 606 FTE jobs, it stands in positive contrast to the 40 percent unemployment persistent in the Kosovo economy and the 1.3 percent increase in unemployment across the EU.

Progress to Date Highlights			
	Target	Actual	Performance Evaluation
Increase in sales ¹ , million Euros	6.3	13.5	↑
Increase in investment, million Euros	2.4	6.8	↑
Increase in exports, million Euros	-	11.4	↑
Increase in number of full time jobs ²	606	127	↓
Number of enterprises assisted	54	42	↓
Number of business services providers (BSPs)	15	15	↔
Number of people trained	525	7,647	↑

KPEP’s positive growth figures are especially notable when viewed in the context of Kosovo’s fledgling economy and the worldwide economic decline. Compared to the previous year, Kosovo has seen 23 percent decline in sales, when KPEP enterprises have achieved an astonishing 51 percent growth.

While the unemployment rate has remained unchanged in Kosovo averaging 40 percent, KPEP enterprises have achieved 14 percent growth.

The growth rates are not distributed evenly throughout KPEP sectors. The construction sector is responsible for the majority of gains in sales, investment, and full time jobs. Agriculture sector has seen a noteworthy growth in sales

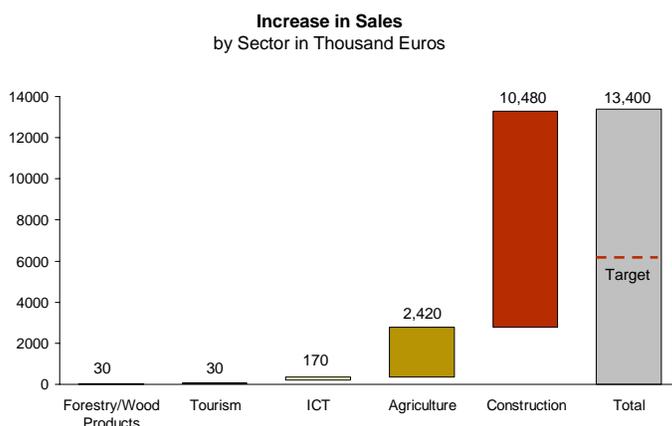
and investment as well, but suffered from a seasonal decrease in employment. On the other hand, BSPs have experienced a healthy employment growth by hiring 27 people surpassing by the original target of 6 people.

¹ This figure combines sales increase in targeted sectors and BSPs.

² This figure combines FTE jobs increase in targeted sectors and BSPs.

Contextual Indicators				
	KPEP	Kosovo	EU	World
Sales/GNP Growth ³	51%	-23%	-15.4%	-9.6%
Trade/Export Growth ⁴	3,447%	-82%	-22.01%	-9.7%
FDI/Investment ⁵	100%	NA	-57%	-54%
Employment Growth ⁶	14%	unchanged	-1.3%	-1.4%

2. Sales



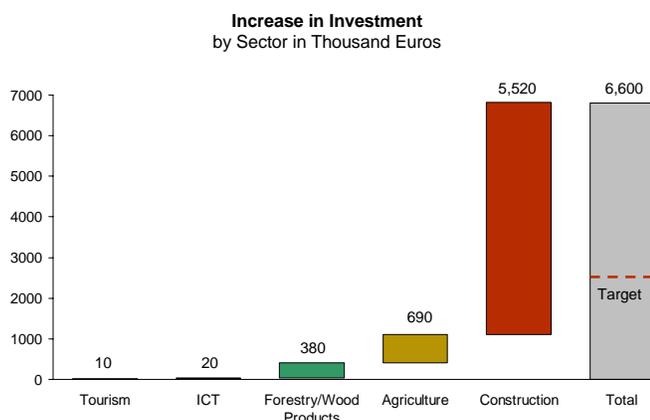
Construction and agriculture sectors are the main contributors to the sales growth. Three construction companies (Eurokos, KAG Asphalt, Bejta commerce and Lin Projekt) and one agribusiness (Pestova) recorded the highest increase in sales., and. After nine months of project implementation, KPEP has achieved 50.6 percent growth in sales. This is in positive development considering the

global recession: 15.1 percent decline in the EU GDP and 9.2% decline in worldwide GDP.

3. Investment

Construction sector continues to drive the investment growth for KPEP representing 83 percent of the program’s investment increase. Seven companies in construction industry lead the investment, Eskavatori, Renelual Tahiri, Lin Projekt, Papenburg & Adriani, Fitorja, KAG Asphalt and Graniti.

Following seven construction firms, Etlinger, fruit and vegetable company, is number eight on the list of the largest contributors to the investment growth.



³ Source for the EU and World Data: Global Insight; source for Kosovo statistics: tax administration for Kosovo.

⁴ Source for the EU and World Data: World Bank and Global Insight; source of Kosovo statistics: Statistical Office of Kosovo.

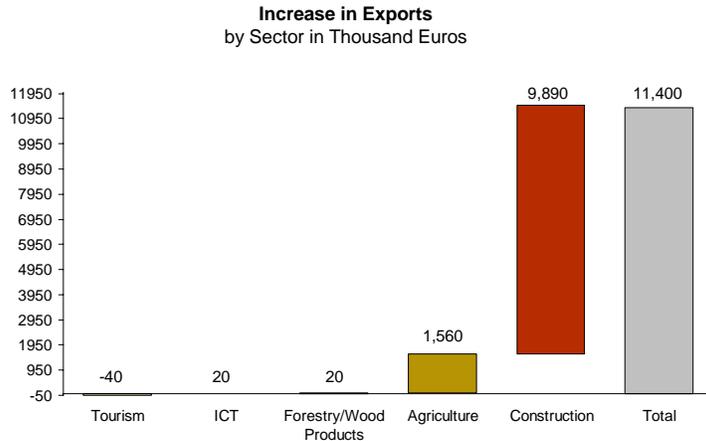
⁵ Because there was no FDI recorded for KPEP, the growth rate for KPEP represents national investment.

⁶ Sources: ILO and U.S. Department of State

No FDI was recorded on KPEP enterprises and no data for 2009 is available for Kosovo, therefore making it difficult to compare the trend in the context of EU and the world.

4. Exports

The construction sector is the main contributor to the export growth of KPEP, accounting for 84 percent of exports of KPEP enterprises. The reason behind this high export growth figure is that several construction companies, namely Eurokos, KAG asphalt, Vëllezërit e Bashkuar, have been heavily involved in road construction in Albania with Eurokos contributing €6.5 million to the sector exports. The key players in agriculture sector included a dairy company, Devolli, and several fruit and vegetable companies, Pestova, Agroprodukt Commerce, Eurofruti, and Scardus.

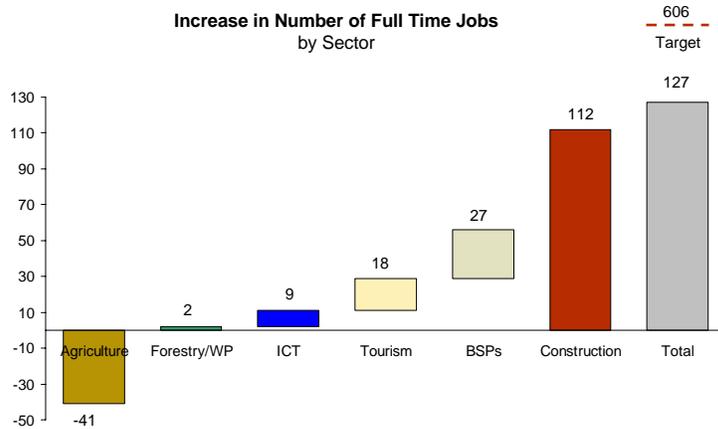


The export growth of KPEP companies is about 30 times compared to the exports of the previous year. The imports of KPEP enterprises have increased dramatically as well – approximately 15 times compared to the previous year.

However, the picture for Kosovo economy is completely different. By April 2008, in a matter of four months, Kosovo exports have declined by 82 percent barely reaching €35 million. The imports have declined by 73 percent to €514 million.

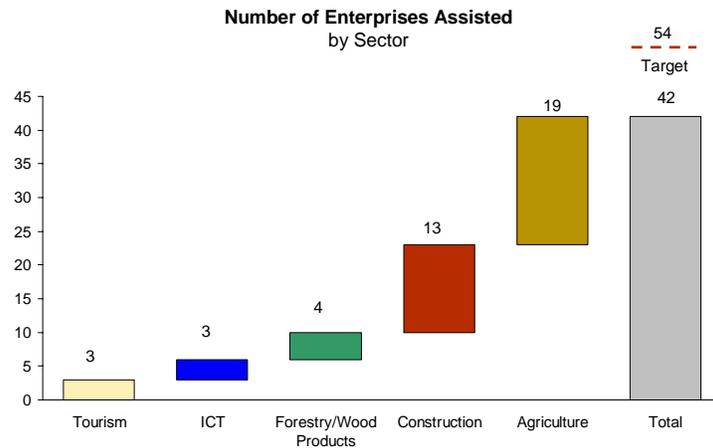
5. Full Time Jobs

Construction sector continues to drive job growth for KPEP when jobs in agriculture sector have declined. This decline should be attributed to the season nature of agricultural sector; KPEP expects that the number of jobs in this sector will grow in the following quarters. Despite the overall decline in the agriculture sector, two fruit and vegetable companies, Fitorja and Scardus, have increased their staff. In construction sector, Lin Projekt, Hit – Flores, and Eurokos saw the largest increases in jobs. BSPs have employed 27 people that is almost five times the original target of 6 people. While KPEP is below its job creation target, the project has been able to achieve 14 percent increase in full time jobs, when the unemployment rates increased by 1.4 percent in the world, 1.3 percent in EU, and 6 percent in Macedonia. However, Kosovo unemployment statistics remained unchanged averaging 40 percent unemployment rate.



6. Number of Enterprises Assisted

KPEP has provided support to a total of 42 enterprises which is below the original target of 54. From this number, 19 enterprises belong to the agriculture sector, 13 are construction enterprises, 4 enterprises are in wood processing sector, 3 enterprises in ICT and 3 enterprises belong to the tourism sector.



7. Transactional Impact from Sales Fares and Tradeshows

KPEP has participated in a number of sales fares and tradeshows this quarter and helped a number of Kosovar companies to increase sales and investment. Because these companies are not officially in the KPEP program, Booz Allen does not include the reported results into the PBMS system. In an effort to provide the most updated information to USAID and capture the transactional impact of the interventions, KPEP has collected the most recent results and success stories in this section of the report.

Wood products. Kosovar wood processing companies made €300,000 investment by purchasing equipment at Ligna Fair in Hanover Germany. €68,000 of this purchase is attributed to KPEP. At Natyra Fair, the total value of sales immediately after the even reached €230,000, 17 sales contracts have been signed, and a total of 5,000 people visited the fair.

Tourism. The total sales resulting from the Kosovo Travel Day fair are estimated at €300,000. As a result of this fair, 14 people were hired, 520 new contacts were established, and a new tour operator was created. KPEP is the process of collecting the information from 35 businesses and has received responses from 14 businesses so far.

Vegetables. The potatoes sales/exports to Macedonia during the period end of March through May is 600 Mt or €60,000€ (0.10 eurocent for kg ex works). All exports were made through company Fruti Co. from Podujeva, facilitated by KPEP. Mainly potatoes were collected from farmers in Sveqel, Podujeva (Tina association), villages north of Pristina and village Mogilla in Vitia municipality.

Construction. Based on the support provided by KPEP to enterprises in the construction sector, we received feedback from company Vëllezërit e Bashkuar. This company, based in Prizren, is one of the leaders in the road construction in Kosovo. Company recorded sales of €600,000 during the quarter, including also exports of €100,000 (in Albania). The company also invested in new equipment €200,000 and employed 5 additional workers.

8. PBMS

The Performance Based Management System (PBMS) monitors progress against program targets, facilitates reporting of the results attributable to KPEP efforts and provides data for reporting to USAID. It identifies successful enterprise, sector and industry clients, interventions and consultants and allows the team to compare projected results to actual

results on a monthly, quarterly, semi-annual and annual basis. The baseline and targets are set for all indicators for the LOP.

9. Data collection

The KPEP specialists worked with the client enterprises to establish baseline data. For enterprises, baseline data is relative to jobs, sales, production, investments, foreign direct investment and partnerships. The KPEP specialists are responsible for data collection from enterprises. The PBMS Specialist reviewed the information received, performed logical control, assured its quality and confirmed with the sector specialists certain data on the quarterly reports. After that, the PBMS specialist entered the data into the project's database. The reports produced from access database and excel spreadsheets are used for inclusion in quarterly reports to USAID. Initial baseline data is recorded for the period just prior to implementation of activities that contribute to achievement of results, enabling comparison when measuring progress toward a specific result or objective. The baseline provides a snapshot of a performance indicator as a point of reference.

10. Quality of the data

The sector specialists are responsible for the first-level data quality control. The quality checks have been made to ensure that data collected and included in the database are accurate and reliable. Every single transaction entered in the database was double checked for accuracy.

11. Data verification

From the start of the next quarter, the PBMS specialist will start to conduct site visits and interviews with representatives from the client enterprises and organizational partners to verify the results that have been reported. In addition to verification of the accuracy and consistency of the results reported, the PBMS specialist also will determine whether the results were caused by the KPEP intervention and thus attributable to the project.

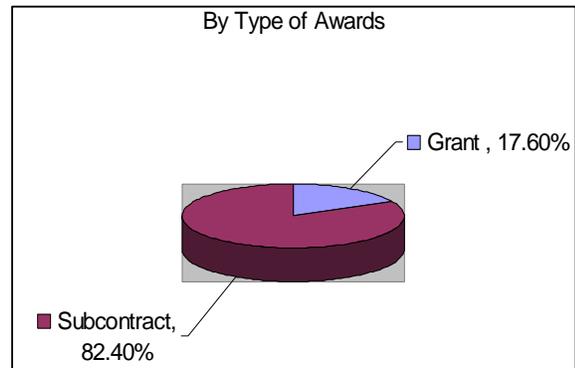
12. Status of the Indicators

The status of Project Indicators is set out in the Annex 1 entitled *Report on Indicators*. This Annex gives the status of all indicators from the PMP.

B. STRATEGIC ACTIVITIES FUND

Outreach Plan – Upon approval of the Annual Program Statement (APS) by USAID, KPEP prepared a targeted outreach plan to inform eligible organizations and entities about the objectives, eligibility requirements, criteria that need to be met, and procedures for organization to apply to the KPEP Strategic Activities Fund (SAF).

The SAF program was presented to the following target groups.



- On May 6, KPEP presented the SAF program to construction material sector organizations. Invited to this presentation were executives and members of: Road Construction Association of Kosovo, Kosovo Association of Concrete Producers, and Kosovo Association of Architects. 12 organizations from this sector participated in this presentation.
- On May 9, KPEP presented the SAF program to wood processing sector organizations. Over 30 participants were present to this presentation.
- On May 13, KPEP organized two presentations. The first presentation was for the agriculture sector. There were around 50 representatives of agricultural sub-sector associations, regional agricultural associations and representatives of individual companies. The second presentation was targeted to ICT and tourism organizations. Around 30 individual companies and associations participated.
- On May 26, KPEP presented the SAF program to minority organizations in the Gracanica region. 17 representatives of minority organizations and companies were present.
- On June 23, KPEP presented the SAF program to business service providers in Kosovo. There were around 15 organizations present to this presentation.

In addition to these group presentations, the KPEP SAF manager conducts individual informational meetings on an ongoing basis.

SAF Review Committee – Since April 1, KPEP has held weekly SAF review committee meetings. Members of this review committee are: David Cowles, Chief of Party, Violane Konar Leacy, Operations Director, John MacKillop, Agriculture Sector Advisor, and Mark Walter, BEE Advisor. The committee discusses concept papers received in the previous week. Sector specialist present on these concept papers to the committee and make a recommendation for rejection, approval, or request for more information. The review committee makes decisions unanimously following a discussion of each submission.

During this reporting period KPEP has received 49 concept papers. Eight concept papers were approved, for 13 the committee requested more information, and 26 concept papers were rejected.

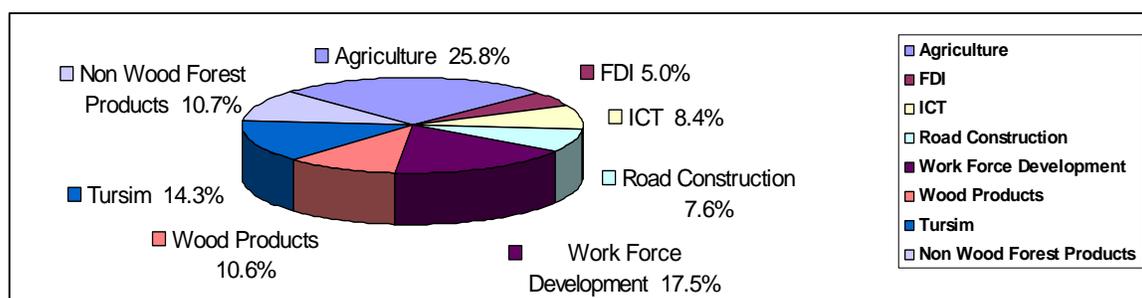
Request for Proposals – In this reporting period KPEP issued nine RFPs, which were published in local newspapers and on the KPEP website. Five have been awarded and

implementation is in process, one was canceled, and three are in the process of being awarded.

As a result and from the combination of both processes, the concept paper and the request for proposals, during this reporting period KPEP awarded 8 subcontracts and 1 grant in total. This brings the total number of awards from the beginning of the project to 10 subcontracts and three grants awarded through SAF. The cumulative total award amount for KPEP now stands at €124,436 (\$168,307) (as of June 30, 2009).

Type of Awards	
Type of Award	Approved Euros
Subcontract	€102,536.00
Grants	€21,900.00
Total	€124,436.00

The grants and subcontract were awarded to organizations that belong to the following KPEP approved sectors/components; Agriculture, Road Construction, Workforce Development, ICT, FDI, Wood Products, Non Wood Forest Products, Tourism.



Distribution of Grants by Sector	
Sector	Percentage of total
Agriculture	25.84%
Road Construction	7.63%
Workforce Development	17.50%
ICT	8.41%
FDI	4.99%
Wood Products	10.58%
Non Wood Forest Products	10.70%
Tourism	14.34%
Total	100%

The fixed price subcontracts were awarded to:

- Prishtina Film - Manage the promotional/media activities for “Natyra 2009” trade fair.
- ECIKS Consulting - FDI Workshop and Review of drafts of Investment Briefs.
- GRIMA Consulting - Implement White Bean Demonstration Plots.
- Management Development Associates (MDA) - Assist International Consultants during the training, advising and assessing Kosovo IT companies.
- World University Service (WUS) - Management of the Business and Economics Internship Program.

- TPD Consulting - Tourism Promotion in Albania “Join us for the weekend – Experience Kosovo”.
- MD Consulting - Good practice mission in Bulgaria - organization of pre-harvest conference.
- GRIMA CONSULTING - Raw Milk Quality Program with students from Ag. Faculty.

One grant was awarded to

- Kosovo Association of Milk Producers - World Milk Day Celebration

From total value of awards, 61.46% are supporting activities from which will benefit micro enterprises.

Distribution of Awards by a Type of Enterprises		
Enterprise	% of total	Euros
Non Micro Enterprise	38.54%	€47,954
Microenterprise	61.46%	€76,482
Total	100%	€124,436

C. COMMUNICATIONS

Media Monitoring: The Communications Specialist started work on April 14. Initial communications activities involved getting KPEP expat staff the local news clipping and summaries, and international news clipping lists of OSCE and UNMIK, distributed twice a day, seven days a week.

Monitoring of local press on articles related to KPEP's work, or of interest for sector specialists was also deemed of importance. Therefore, the Communications Specialist prepares every day local press headlines that are distributed to all staff, and follows up on articles of interest. Media monitoring also covers Kosovo online news agencies, and whenever possible, TV news and TV programs covering issues of relevance for KPEP's work.

Media Relations: This is an important component of KPEP outreach. In order to get the media to cover KPEP events, and ensure positive coverage, serious efforts were made to establish contacts with journalists and editors covering mostly economic issues. Such contacts were established with the economic pages editor of "Lajm", with senior journalists of "Bota Sot", one reporter of "Express", the Kosovo correspondent for Vizion+ TV based in Albania, editor of Radio Dukagjini, director of Radio Peja, and news editor of Bluesky Radio. In addition, all events were used to establish contacts with attending media representatives, whose contact details were entered in the media contacts table.

In the reporting period, KPEP organized three press conferences: 1) to announce the Travel Day Fair; 2) as a conclusion to the Fruit & Vegetables Conference; and 3) as a conclusion to the Carpentry Job Fair. Attendance was very good on all occasions, ensuring broad and positive coverage by 8 daily newspapers in Kosovo, RTK, RTV 21, TV Klan Kosova, TV Dukagjini, TV Net, KosovaPress online news agency (both video and written text), KosovaLive agency, national and regional radios.

To promote the Travel Day Fair in April, an appearance of the Tourism STTA Scott Wayne and President of Kosovo Tourism Association Zeke Ceku at the RTK morning show was arranged, as well as interviews with Radio Kosova, Radio BlueSky. Another interview was arranged with Radio BlueSky for the Agribusiness Marketing Assistant one day prior to the Fruit and Vegetable Conference. An interview was arranged with Radio Dukagjini for the Forestry STTA Ratko Matosevic and the KPEP Forestry Specialist about the establishment of the Kosovo Standards Development Group for FSC certification. The KPEP Workforce Development Specialist gave interviews to TV Dukagjini, RTK21, Radio Peja and a chain of local radios (through a youth NGO) on the occasion of the Carpentry Job Fair.

Media Advisories and Press Releases were drafted and distributed to local media electronically and by hand (at press conferences or events).

All newspaper articles on KPEP and its work have been collected, scanned and stored electronically.

■ Telling KPEP's Story ■

USAID Bi-Weekly Newsletter: KPEP has contributed 8 stories to this publication during the reporting period, on a wide range of topics: from Travel Day Fair to minority outreach, to educating young generation to consume local dairy products.

Promotional Advice: KPEP has assisted EuroFood from Prizren with their brochures for the Fancy Food Show in New York. MD Consulting and KOTAS also received such assistance for their events in Kosovo and Albania.

KPEP in the Press: In the reporting period, KPEP was featured in the Kosovo press 39 times.

Press kits or event folders containing general information on KPEP and specific information on KPEP sectors, as well as press releases, presentations, and contact information were prepared and distributed in all events.

Fact Sheets: Being “live” documents, fact sheets introducing KPEP sectors were updated, and translated into both Albanian and Serbian, and were carefully proofread to ensure correct use of terminology and proper use of language as per USAID rules. New Fact Sheets on Workforce Development and FDI were created. Fact Sheets have been used in all KPEP activities, as part of press kits or event folders.

Success Stories: Successful events and achievements were captured immediately, including pictures. Such success stories were printed on USAID Bi-Weekly newsletters, and will be used for the KPEP website following its re-structuring. These success stories are reports from the Travel Day Fair, Kosovo Business Case Challenge, production of new cheese at less cost, visit of kindergarten kids to a dairy plant in Pristina, establishment of SDG for FSC certification, Fruit and Vegetable Conference, SAF Minority Outreach (displayed at a USAID minority liaison office in Graçanicë/Gračanica), Carpentry Job Fair, certification of first Kosovo Premier Advisors.

Field Trips: The Communications Specialist has assisted the sector specialists in drafting scene setters and talking points on various KPEP events and field trips, and drafted summaries of these field trips. In addition, the CS has accompanied sector specialists in their visits to establish direct contacts with KPEP clients and gather first hand information on ongoing activities that receive KPEP support, to be used for a variety of KPEP publications.

KPEP Identity: Keeping in line with USAID branding rules and guidelines, special efforts have been put in promoting further the identity of KPEP. These efforts mainly consist of arranging for production of banners, roll ups and posters for events, fact sheets, brochures (SAF, promotion of Kosovo tourism in Albania, non wood forest products pre-harvest conference, carpentry job fair), folders and pens. A cork board was placed at the entrance of KPEP offices where success stories, press releases, extracts from USAID bi-weekly newsletter, posters, and other KPEP-related materials are displayed. Special efforts were put in ensuring that reports, power point presentations, invitations and other documents follow strictly USAID branding rules and guidelines on use of languages.

Intranet: The communications section contents were categorized by sector; new categories were added and updated every week.

Website: The KPEP news section was updated every week with the most important achievements, and photos.

Work to restructure the look and contents of KPEP website is ongoing. A new design template was approved, and stories and information to go on the new website have been collected.

Event Organization

In cooperation with the Workforce Development Specialist, an activity was planned and organized in Pejë/Peć on June 25. The event “Right Skills – Your Perspective” had several goals: 1) to promote the carpentry Vocational Education Training schools in Pejë/Peć and Deçan/Deçane amongst 8th and 9th grade students through a presentation of products made by carpentry students and school program; 2) to create employment opportunities for carpentry students of 12th and 13th grades with wood processing companies in the region of Pejë/Peć; 3) establish a tradition of carpentry job fairs; and 4) promote contacts within stakeholders of the wood processing industry.

■ EVENT IMPACT ■

Carpentry School Marketing & Job Fair

Radio commercials announcing the event were broadcast for 13 days, 8 times a day by Radio Dukagjini and Radio Peja. This resulted in a wide participation of young students at the exhibition and job fair.

“This is a great event as it will enable students find employment. I have already hired one student, and will offer an internship with the possibility of employment following successful performance to another student” said Gani Lajqi, owner of Shpendi wood processing company in Pejë/Peć.

A Kosova Wood representative invited all students to register for internship with this company, and declared that all successful interns would be offered jobs.

KPEP arranged for posters to be printed and distributed to all secondary schools and the city of Pejë/Peć and its surroundings, announcing the event and the venues, and for a banner that was put up in the center of Pejë/Peć. Brochures were produced with information on the VET, Association of Wood Processors of Kosovo, the participating wood processing companies and KPEP. The press kit contained general information on KPEP, and on Workforce Development and Wood Processing sectors, as well as a press release.

The event received very good media coverage, before and after. Radio Dukagjini and Radio Peja announced for 13 days, 8 times per day a radio commercial announcing the event, and representatives of the youth organizations assisted with spreading the information to all targeted age groups. On the day of the event media attendance was satisfactory, both during the exhibition and interview process and at the press conference. The event was covered by Radio Peja, TV Dukagjini, TV Net, RTV21, and newspapers.

D. PROGRAMMATIC AND ADMINISTRATIVE SUPPORT

The PMU is an integral part of the team's communications, leadership, and technical delivery working collaboratively with the field, Booz Allen headquarters, and USAID. At Booz Allen, the PMU provides not only backstopping programmatic support, but also ensures the firm's lessons learned, experience and corporate values are properly integrated and disseminated throughout the project team. The PMU serves as a liaison, advisor, and as technical subject matter and research experts to ensure successful project implementation and client satisfaction.

To ensure the most efficient use of funds, PMU has developed a comprehensive financial management tool that will allow the Chief of Party (COP) to implement KPEP most effectively. PMU has prepared and submitted quarterly accruals report to USAID. The Unit has reviewed and reconciled Operations Expense Reports working closely with field staff to adjust/correct, where necessary.

PMU has mobilized 24 short term technical specialists, including four agriculture specialists, six wood processing specialists, one forestry specialist, one construction materials specialist, two tourism specialists, three IT specialists, one workforce development specialist, one foreign direct investment specialist, two business enabling environment specialists, one communications specialist, one business services support specialist, and one economic business analysis specialist. The mobilization processes included arrangement of contract agreements, processing of the staffing approval authorizations, processing of the mobilization paperwork, and support in invoicing.

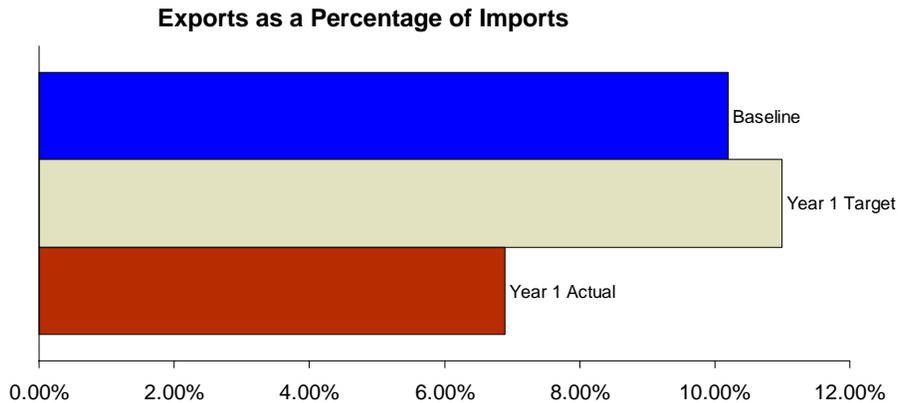
The PMU served as a liaison between the project field team and our project subcontractors, and initiated and completed the various modifications necessary to field both independent consultants and subcontractor staff. This has included the preparation of statements of work (SOWs) and budgets for those team members. PMU has processed and completed all the corresponding deployment and mobilization documentation including conducting appropriate due diligence for all candidates and providing support in all aspects of the mobilization from arranging contract term through the final invoicing.

The PMU conducted analytical and quantitative research in support of field technical needs and provided substantive input to various research, deliverables and business practices projects. This quarter PMU conducted research on tourism laws and collected the best business practices for establishing a National Tourism Organization. This research was instrumental in the field office evaluation of the draft Tourism Law and development the next steps for establishing a National Tourism Organization. PMU reviewed, edited, and provided feedback for all client deliverables to ensure quality and client satisfaction. For example, the PBMS section of this report was developed with the support of PMU. Furthermore, the PMU developed a study on the impact of the global recession on the economy of Kosovo. The PMU also prepared a report on the standards of certification for architecture to advice the government of Kosovo on the best practices around the world. Finally, the PMU developed a market feasibility study for GE to gain the market share in traditional markers and reposition for the new markets.

Annex 1. Report on Indicators

IR.1.3 (1) Accelerated Growth of Private Sector

Indicator: Exports as a Percentage of Imports – Kosovo Wide

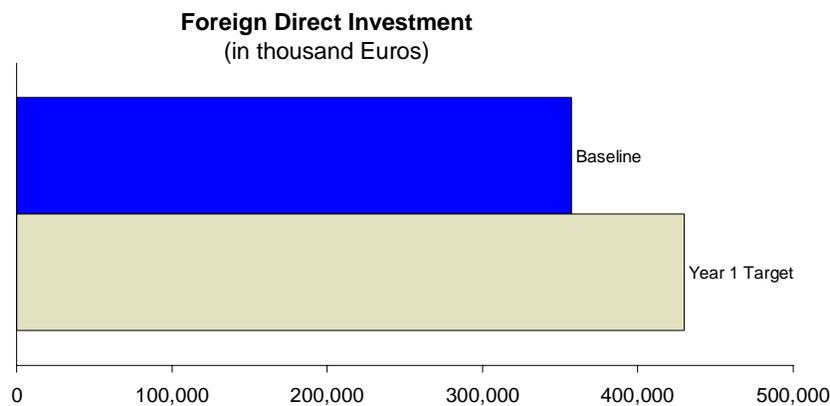


Definition of the indicator: The total value of exports divided by the total value of imports, by sector.

Data Source: Data is received from the Statistical Office of Kosovo. The total value of exports divided by the total value of imports. The data covers period October 2008 through April 2009. Total value of exports for this period was €73.3 mil., whereas imports were €1,066 mil. The comparative analysis was performed from the data received from enterprises in KPEP’s sectors. Total value of exports for the period January - June 2009 was €0.8 mil., while imports were €11.5 mil. So the imports coverage is 7.2%.

IR.1.3 (2) Accelerated Growth of Private Sector

Indicator: Foreign Direct Investment – Kosovo Wide

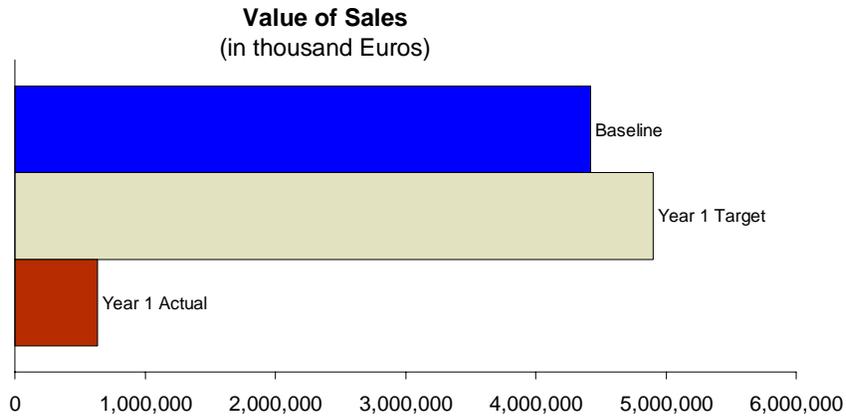


Definition of the indicator: Value of foreign private investment. Enterprise investment is defined as spending related to operational capital, technology, land, and infrastructure.

Data Source: Baseline data was received from Central Bank of the Republic of Kosovo. No data was available for this quarter from CBK.

IR.1.3 (3) Accelerated Growth of Private Sector

Indicator: Value of sales, by sector – Kosovo Wide

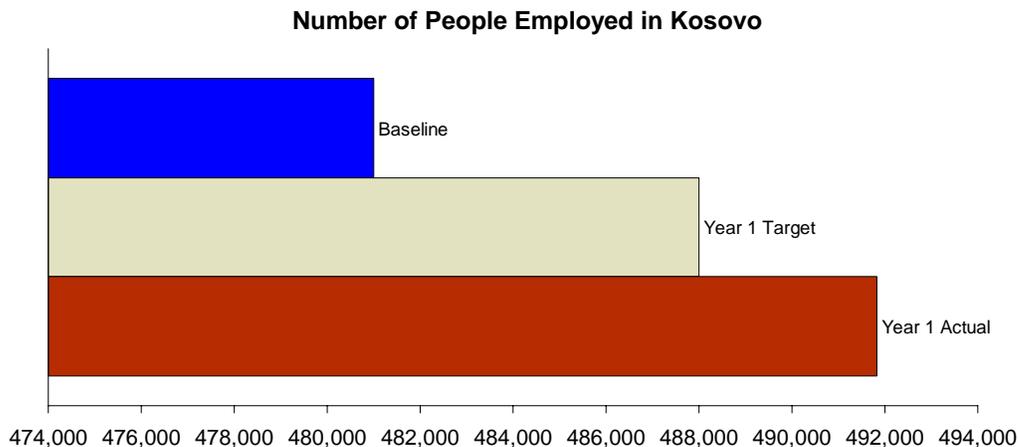


Definition of the indicator: Value of goods and services sold during the year measured as gross business sales.

Data Source: The data for this indicator is collected from the Tax Administration of Kosovo. The baseline data includes period January-December 2008. The actual data on sales contains data received for the period January-April 2009. Data for May and June 2009 is not processed yet in the moment when received from TAK.

IR.1.3 (4) Accelerated Growth of Private Sector

Indicator: Number of people employed, by sector – Kosovo Wide



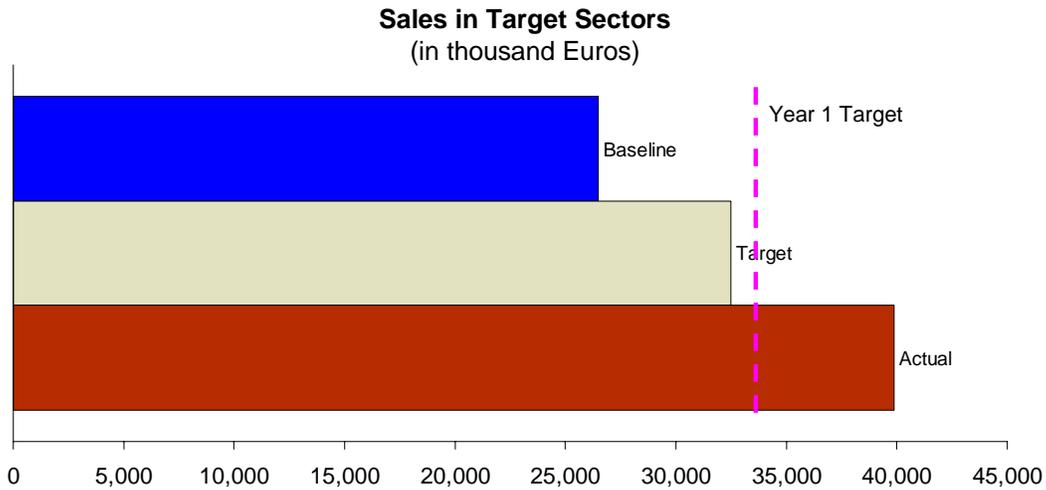
Definition of the indicator: Number of people employed, disaggregated by sector.

Data Source: The baseline data for this indicator was collected from Macroeconomic Department of MFE. It is an estimate of the number of people employed in 2008. However, it

is difficult to have an accurate number, since many employees working in the private sector are not formally registered. To the baseline number was added the number of people that was in previous periods (during 2008) and that were included in the system as unemployed, but during this period (January-May 2009) left the unemployment centers. This data was received from Department for Labor and Employment of Ministry of Labor and Social Welfare as of May 2009.

IR.1.3.1 (1) Increased Competitiveness of Key Sectors

Indicator: Increase in Sales in Target Sectors

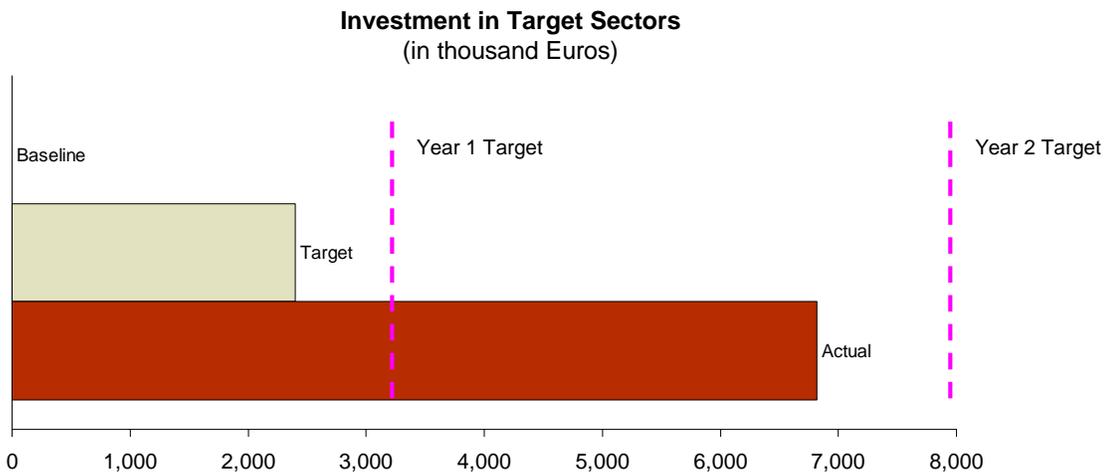


Definition of the indicator: Value of goods and services sold during the year is measured as gross business sales. It is an aggregate of all business sales related to the sector over a given period. This is measured for enterprises that receive KPEP support directly, through SAF or from specific transactions supported by KPEP.

Data Source: Data received from sector specialists.

IR.1.3.1 (2) Increased Competitiveness of Key Sectors

Indicator: Increase in investments in target sectors

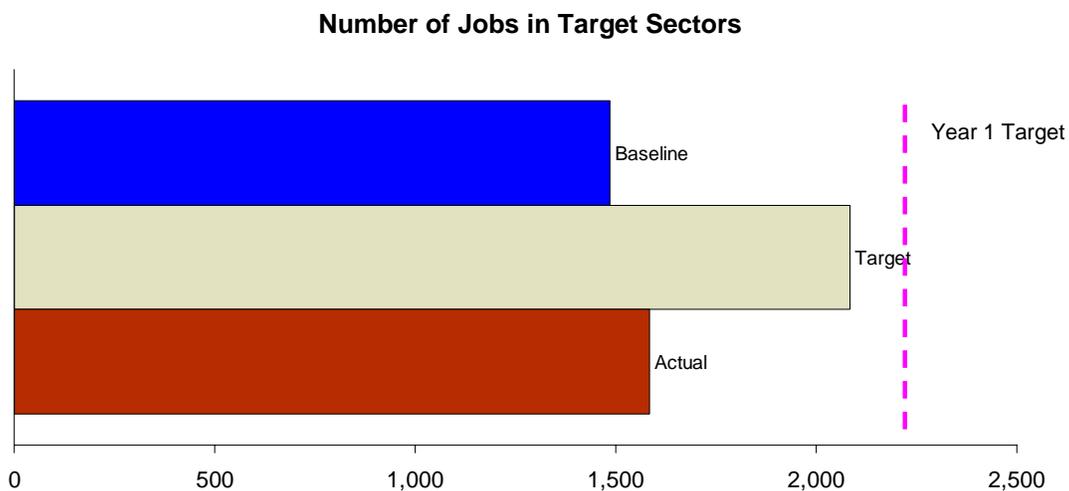


Definition of the indicator: Value of capital investments disaggregated by target enterprise, micro enterprise and by sector.

Data Source: Data received from sector specialists

IR.1.3.1 (3) Increased Competitiveness of Key Sectors

Indicator: Increase in jobs created in target sectors

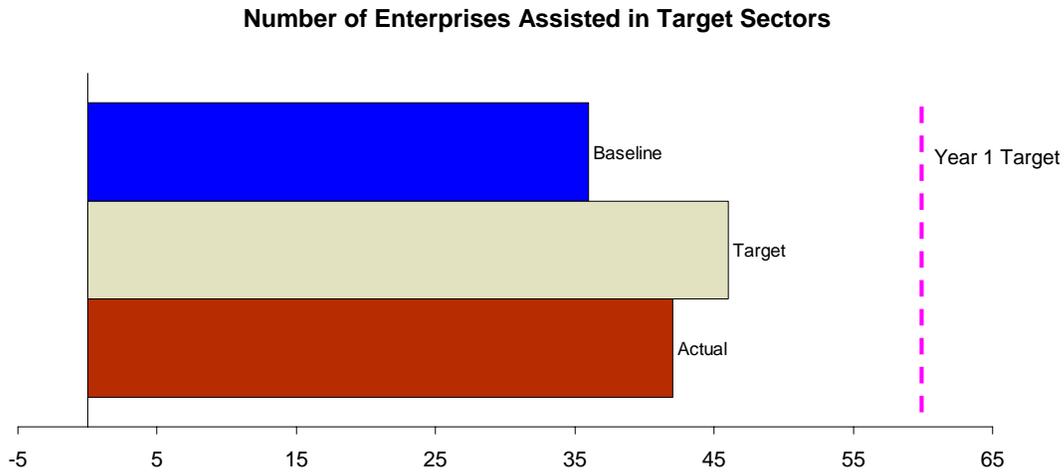


Definition of the indicator: Number of jobs created, disaggregated by target enterprise micro enterprises, and by sector, in terms of full-time equivalent jobs in target enterprises. Person days of employment (part-time employment) are converted to annual full-time equivalent - FTE jobs using 225 days of labor per year.

Data Source: Data received from sector specialists

IR.1.3.1 (4) Increased Competitiveness of Key Sectors

Indicator: Number of enterprises assisted in target sectors

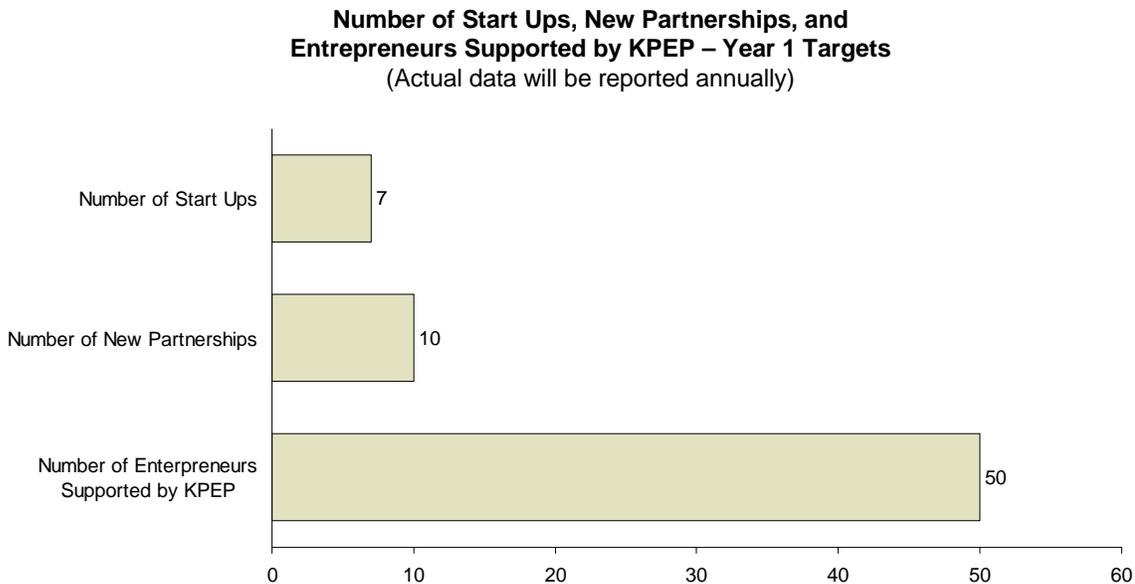


Definition of the indicator: Number of enterprises assisted directly by the project, disaggregated by micro enterprise.

Data Source: Data is received from sector specialists.

IR.1.3.1 (5,6,7) Increased Competitiveness of Key Sectors

Indicators: Number of new start-ups in target sectors, number of New Partnerships, and number of entrepreneurs supported by KPEP



Definition of the indicators:

1. Number of new start ups, disaggregated by micro enterprise and sector.

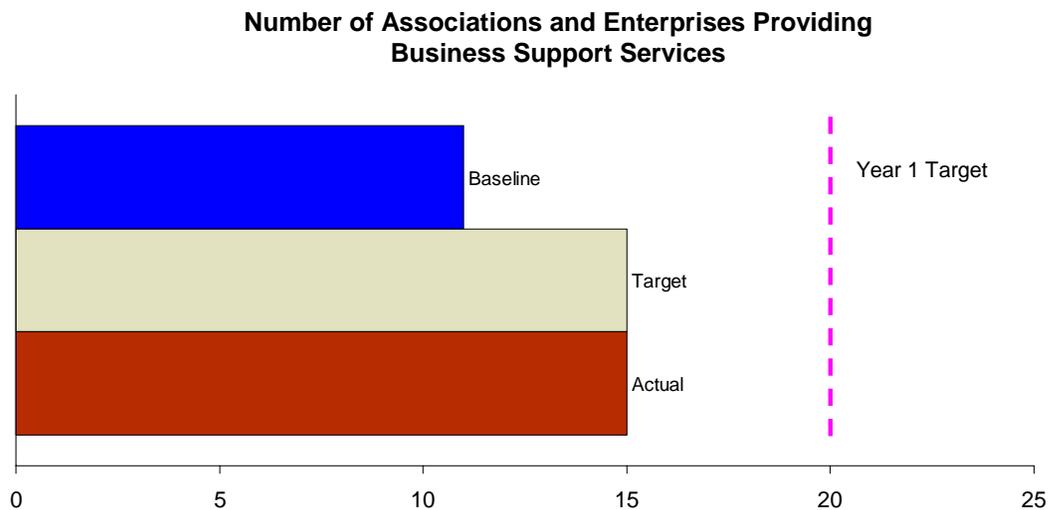
2. Number of partnerships as a result of KPEP assistance. Partnerships refer to any strategic affiliation between businesses, including also partnerships with foreign businesses, and disaggregated by type of partnership.
3. Number of entrepreneurs receiving directly from KPEP program, or indirectly through associations or other service providers.

Data Source:

1. Data is received on annual basis from Agency for Business Registry of Ministry for Trade and Industry of Kosovo.
2. Data received from sector specialists.
3. Data received from sector specialists.

IR.1.3.2 (1) Improved and Demand Driven Business Support Services

Indicator: Number of enterprises and associations providing business support services

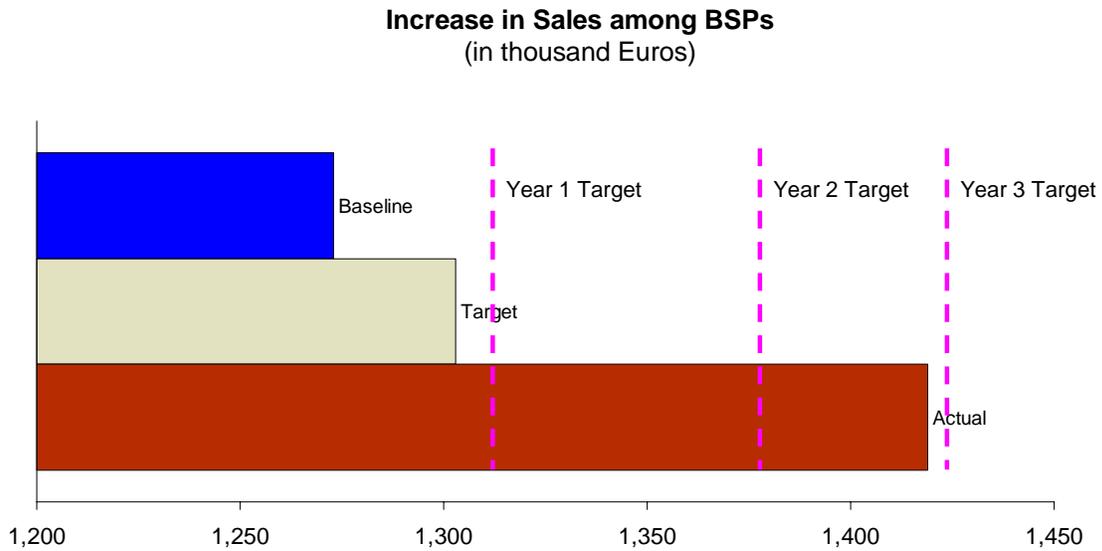


Definition of the indicator: Number of enterprises and associations providing business support services that are assisted by KPEP.

Data Source: Data received from sector specialists and BSS team.

IR.1.3.2 (2) Improved and Demand Driven Business Support Services

Indicator: Increase of sales among BSPs

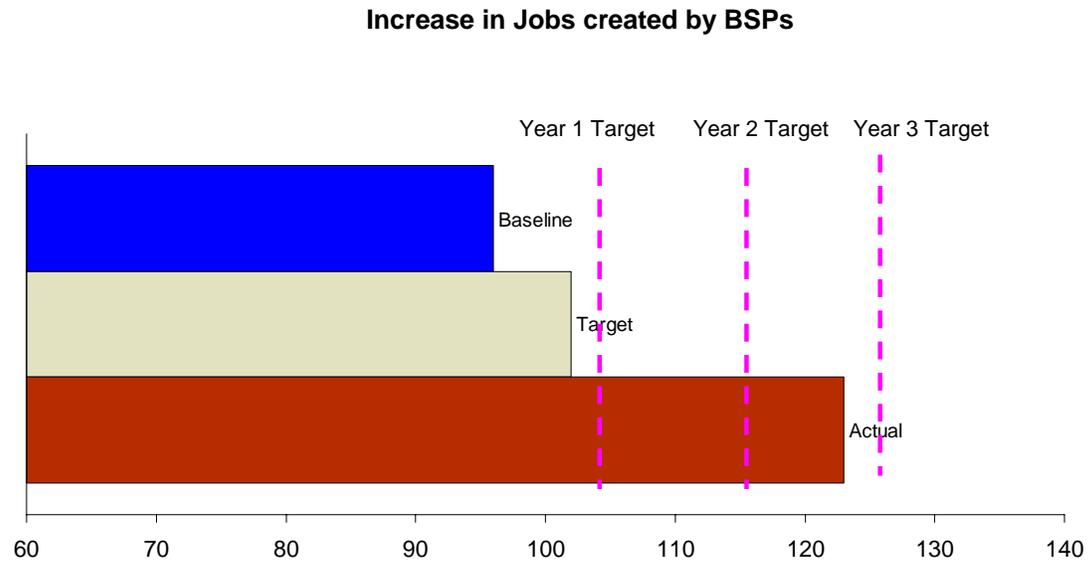


Definition of the indicator: Value of sales among targeted BSPs, supported by KPEP and disaggregated by export sales.

Data Source: Data received from sector specialists and BSS team.

IR.1.3.2 (3) Improved and Demand Driven Business Support Services

Indicator: Increase in jobs created among USAID supported BSPs

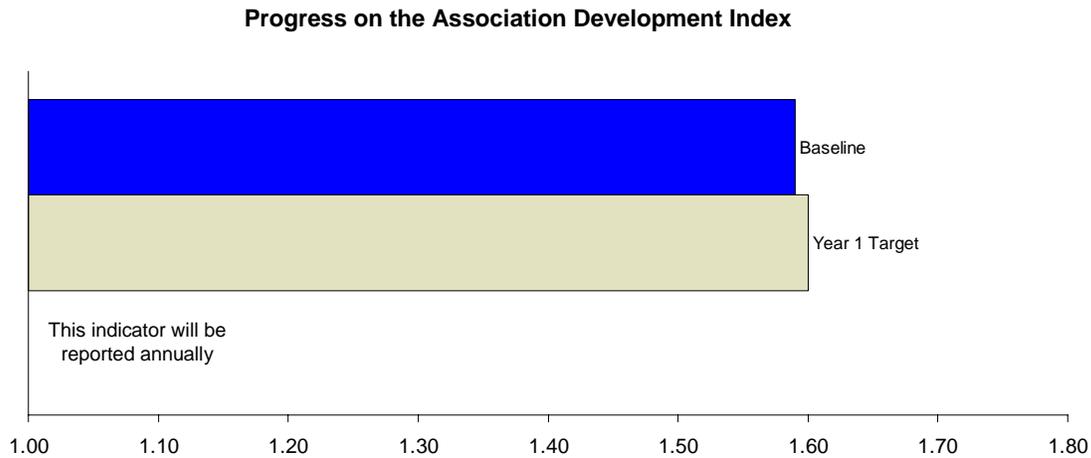


Definition of the indicator: Number of jobs created, among target business service providers, in terms of full-time equivalent jobs. Person days of employment (part-time employment) are converted to annual full-time equivalent - FTE jobs using 225 days of labor per year.

Data Source: Data received from sector specialists and BSS team.

IR.1.3.2 (4) Improved and Demand Driven Business Support Services

Indicator: Progress on the Association Development Index

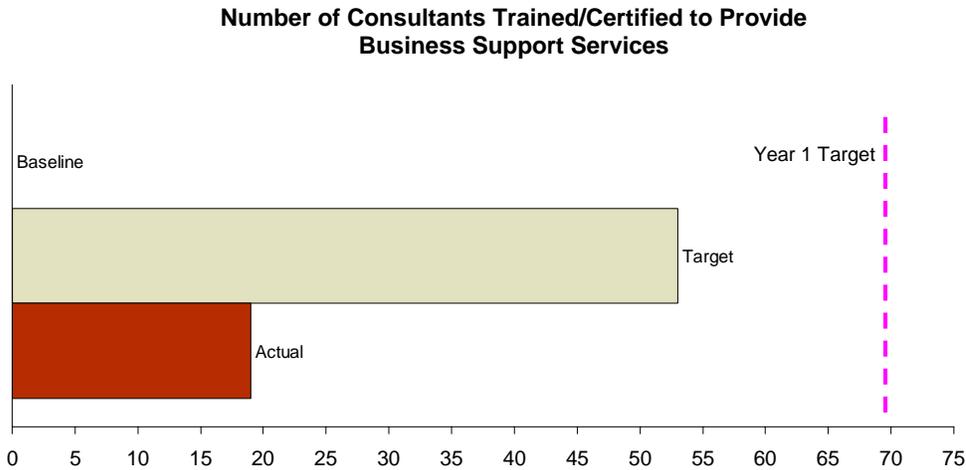


Definition of the indicator: Progress made by associations on eight elements of the Association Development Index for associations targeted by KPEP. The “Association Development Index as Applied to Selected Associations in Kosovo” assessment was conducted for associations of various businesses in the Republic of Kosovo. Sixteen business associations were chosen for this purpose. The data was collected using an evaluation tool/questionnaire, i.e. the Association Development Index, provided by USAID KPEP. The Index identified eight elements key to effective association management and was supplemented with questions to enhance understanding of each element. Evaluations of the individual associations were used to create the overall recommended baseline. That baseline was developed using statistical averages of mean, median and mode. The recommended baseline is 1.59, which is the median score. The idea is to conduct this type of assessment each year to monitor the progress of associations.

Data Source: Annual survey will be conducted by the end of 2009.

IR.1.3.2 (5) Improved and Demand Driven Business Support Services

Indicator: Number of consultants trained/certified to provide business support services

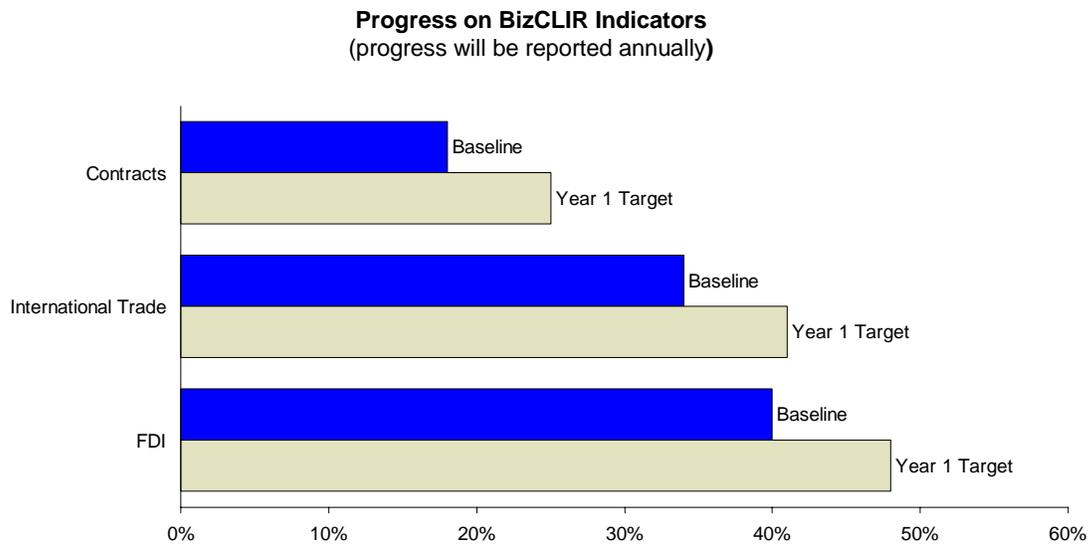


Definition of the indicator: Number of consultants trained/ certified to provide business support services, trained by KPEP or a target BSP, supported by USAID.

Data Source: Data received from sector specialists and BSS team.

IR.1.3.3 (1) Improved Business Operating Conditions

Indicator: Progress on the Business Environment Index (BizCLIR)



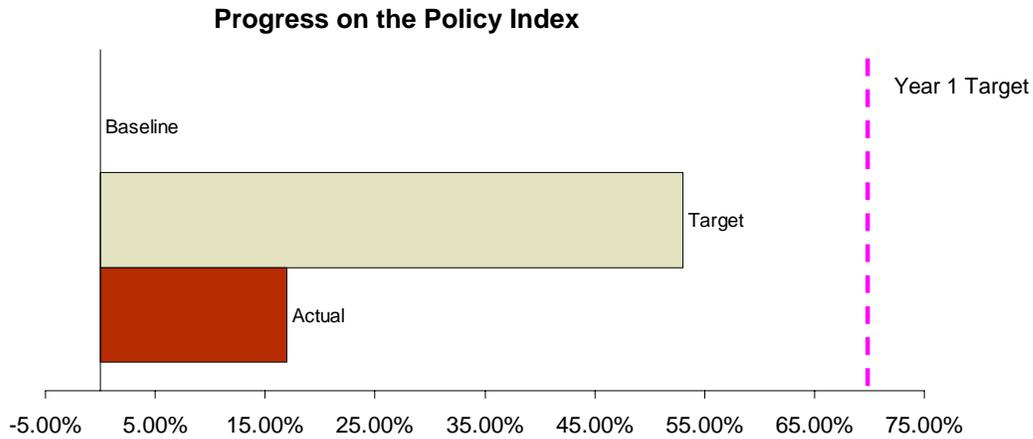
Definition of the Indicator: The mechanism for monitoring the BEE is the set of Commercial Legal Institutional Reform Assessment Indicator scores compiled for USAID in 2004 and updated in 2006. A 2009 update conducted by KPEP established a baseline, and subsequent

updates will chart progress of indicators and subcategories relevant to KPEP activities each year.

Data Source: Annual survey will be conducted to update BizCLIR Index.

IR.1.3.3 (2) Improved Business Operating Conditions

Indicator: Progress on the policy index



Definition of the Indicator: The number of policies that have met or exceeded established targets on the policy index using percentage of completion. The changes for this indicator are reported semi-annually.

BEE team started to work on 7 (seven) policies, including:

- Public Private Partnership (1 out of 7 steps)
- CEFTA implementation (0 out of 9 steps)
- Removal of Tariffs on certain wood imports (4 out of 8 steps)
- Revision of Waste Management Policy (2 out of 13 steps)
- Implementation of the Food and Veterinary Law (1 out of 6 steps)
- Pilot Forest certification (1 out of 13 steps), and
- Law on Construction – Guidance on appropriate action regarding draft law (1 out of 7 steps).

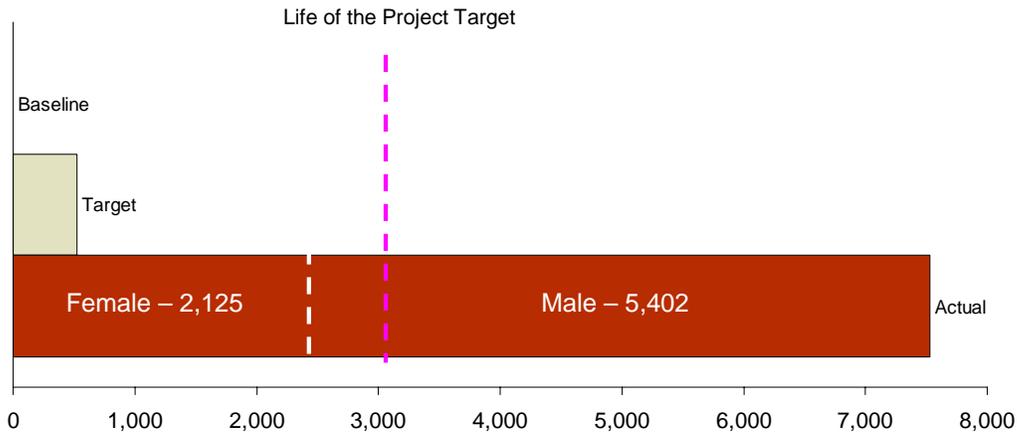
Overall score for seven policies is 17%, calculated as weighted average of completion of all policies taken together.

Data Source: Data received from BEE team.

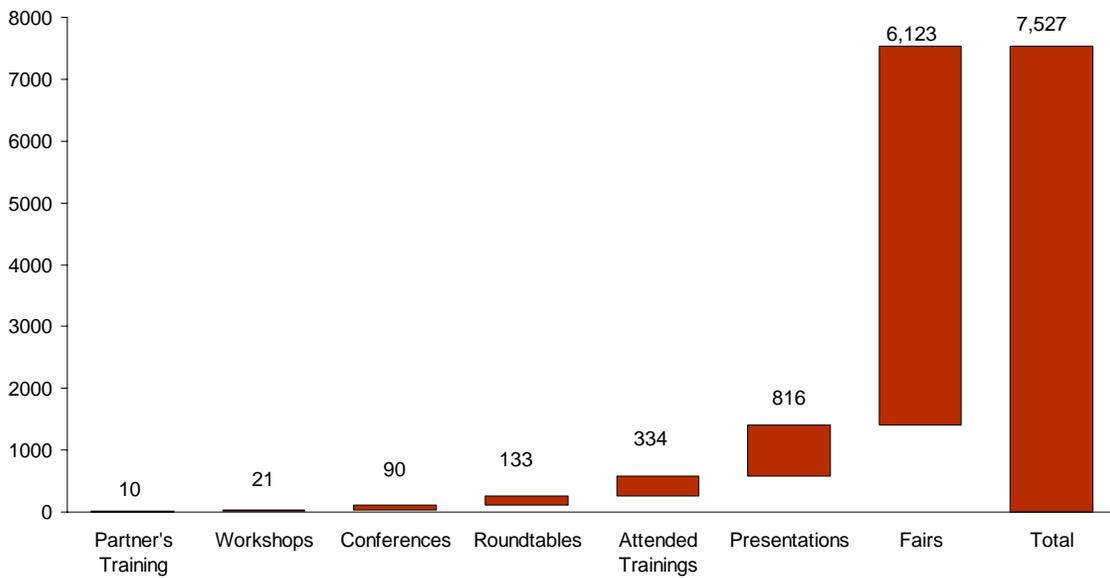
IR.1.3.4 (1) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: The number of individuals trained through USAID sponsored training

Number of People Trained



**Number of People Trained
(Number of Events: 64)**

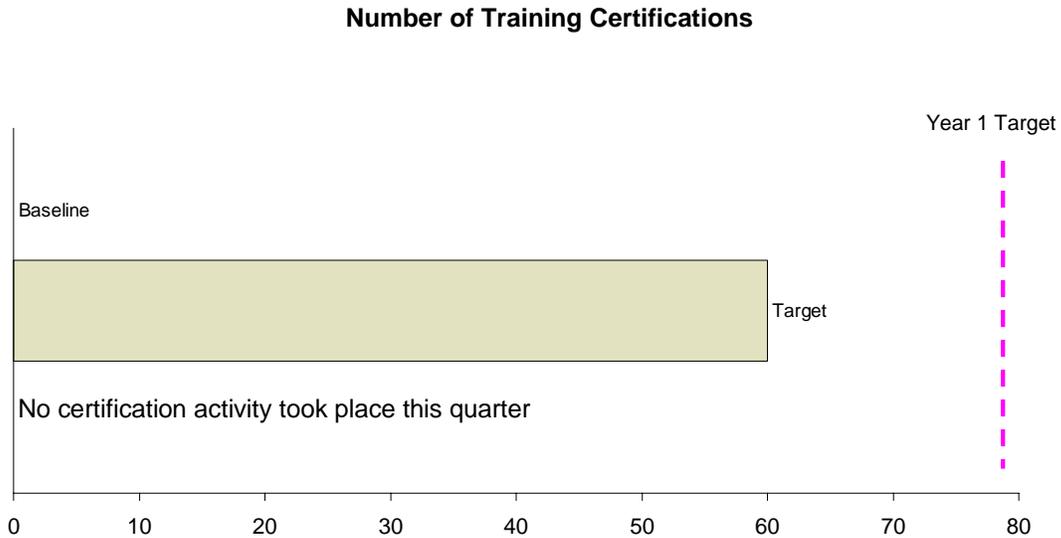


Definition of the indicator: The number of individuals trained, disaggregated by gender, age, ethnicity, sector, type of training etc.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (2) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of training certifications



Definition of the indicator: Number of training certifications earned by participants for completing the training.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (3) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of program participants that obtain employment

Baseline data for CY 2008: Taken as zero

Target for FY 2009: TBD

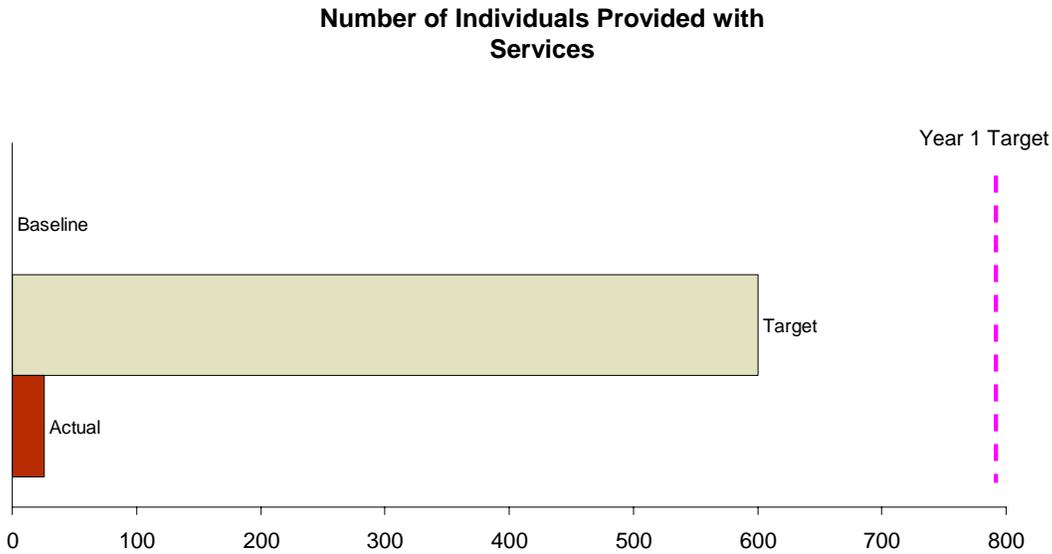
Actual number to date in FY 2009: This indicator will be reported annually.

Definition of the indicator: Number of program participants that obtain employment, disaggregated by gender, ethnicity.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (4) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of individuals provided with services

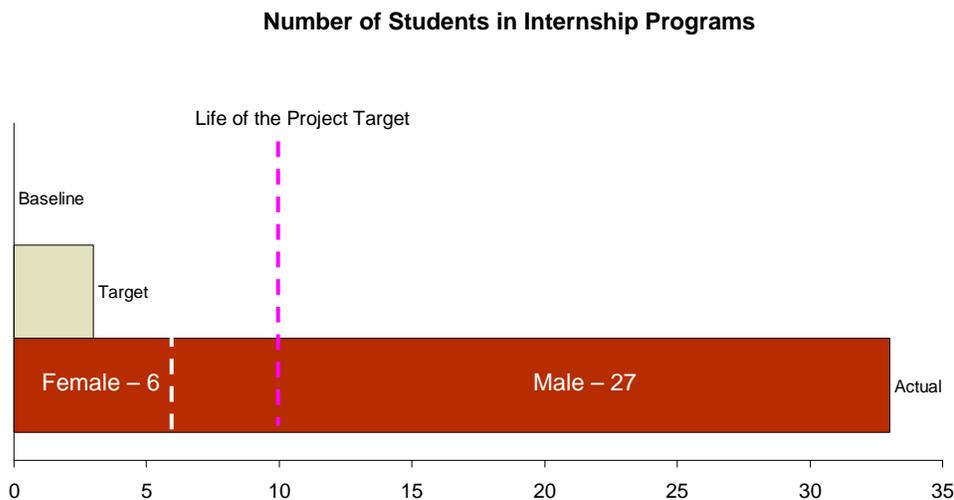


Definition of the Indicator: Number of individuals provided with services, disaggregated by type of service: counseling, referrals, placement, gender and ethnicity. The data reported derive from three activities of the WFD component: Kosovo Business Case Challenge, Business Economics Internship and Dairy internship program.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (5) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of Students in Internship Programs

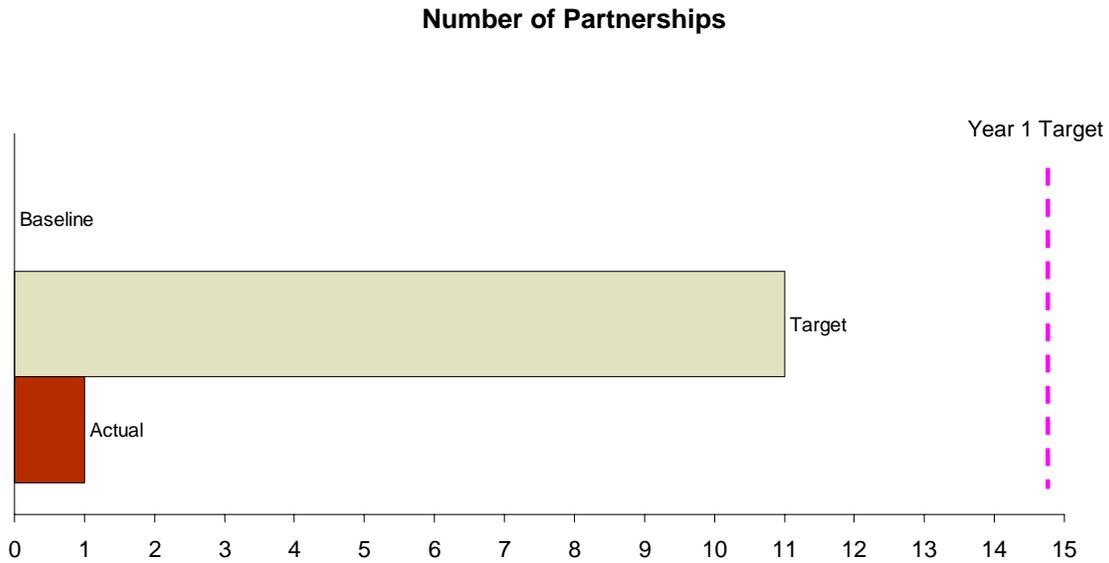


Definition of the Indicator: Internships include any sort of embedded training or on the job training. During this quarter WfD has started four different activities related to internships: Kosovo Business Case Challenge, Business Economics Internship, Dairy internship and Job fair in carpentry VET in Peja.

Data Source: Data received from sector specialists and WFD team.

IR.1.3.4 (6) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of partnerships



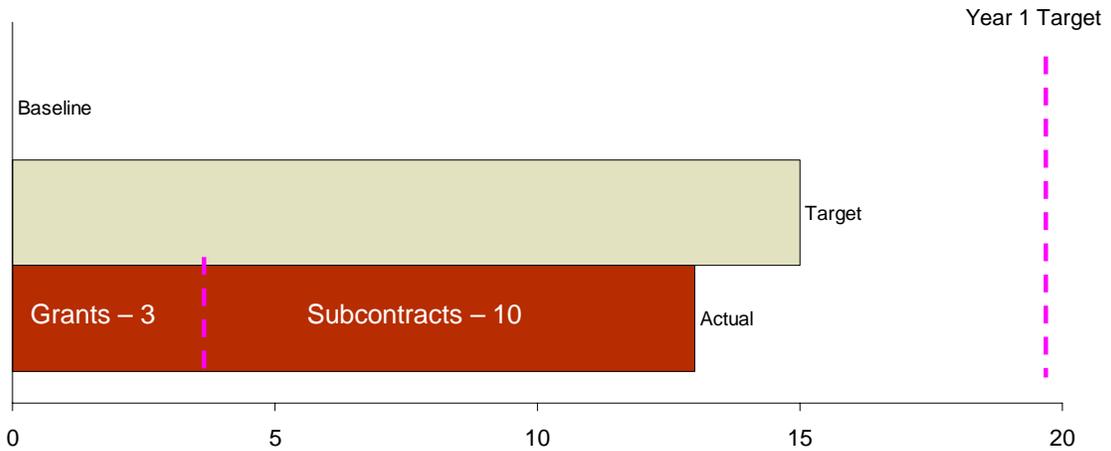
Definition of the Indicator: Partnerships refer to any strategic affiliation between the training provider establishments and the business sector. The Faculty of Veterinary has agreed to assign Prof. Afrim Hamidi as an Intern Coordinator who will work in close cooperation with KPEP and KPEP contractor in order to implement the Dairy Internship program from which 10 students of Vet Faculty will benefit. The project will last six months.

Data Source: Data received from sector specialists and WFD team.

Strategic Activities Fund

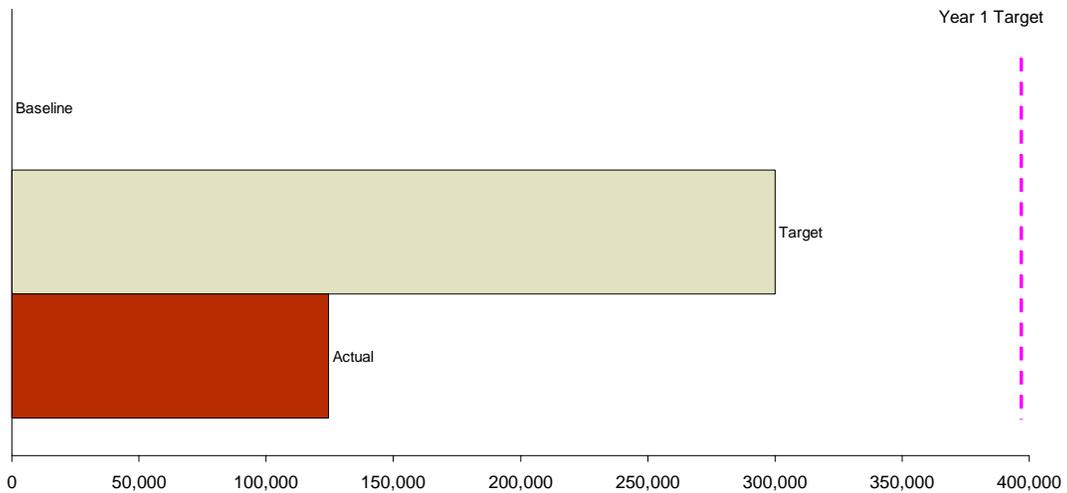
Indicator: Number of grants/sub-contracts

Number of Grants and Subcontracts Awarded



Indicator: Value of grants and sub-contracts

Value of Grants and Subcontract Awarded



Definition of the indicator(s): Number and value of grants and subcontracts awarded.

Data Source: Data received from SAF specialist.

1.3.2 Improved and Demand Driven Business Support Services												
Indicators												
1	Number of enterprises and associations providing business support services	Number	2008	11	20	15	30	0	35	0	40	0
2	Increase of sales among BSPs	Euros	2008	1,272,663	40,000	145,771	110,000	0	150,000	0	200,000	0
3	Increase in jobs created among USAID supported BSPs	Number	2008	96	8	27	18	0	31	0	36	0
4	Progress on the Association Development Index	Median score	2008	1.59	1.60	0.00	1.70	0.00	1.90	0.00	2.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	19	150	0	240	0	300	0
1.3.3 Improved Business Operating Conditions												
Indicators												
1	Progress on the Business Environment Index (BizCLIR)											
1.1	Contracts	Percent	2008	18%	25%	0%	32%	0%	40%	0%	50%	0%
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0%	19%	0%	24%	0%	30%	0%
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0%	44%	0%	55%	0%	69%	0%
1.2	International Trade	Percent	2008	34%	41%	0%	49%	0%	59%	0%	70%	0%
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0%	53%	0%	63%	0%	74%	0%
1.2.2	Implementing Institutions (H.2)	Percent	2008	27%	40%	0%	47%	0%	56%	0%	65%	0%
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0%	47%	0%	56%	0%	65%	0%
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0%	50%	0%	62%	0%	76%	0%

1.3	Foreign direct investment, by sector	Percent	2008	40%	48%	0%	52%	0%	55%	0%	60%	0%
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0%	49%	0%	52%	0%	57%	0%
1.3.2	Implementing Institutions (K.2)	Percent	2008	36%	45%	0%	49%	0%	52%	0%	57%	0%
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0%	65%	0%	70%	0%	76%	0%
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0%	43%	0%	47%	0%	50%	0%
2	Progress on the policy index	Percent	2008	0	70%	17%	TBD	0	TBD	0	TBD	0
1.3.4	Improved Capacity of the Workforce to Engage in Employment Opportunities											
Indicator s												
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	7,527	1,400	0	2,500	0	3,000	0
2	Number of training certifications	Number	2008	0	80	0	160	0	275	0	325	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	0	20	0	100	0	150	0
4	Number of individuals provided with services	Number	2008	0	800	26	1,600	0	3,500	0	4,000	0
5	Number of internships	Number	2008	0	3	33	6	0	8	0	10	0
6	Number of partnerships	Number	2008	0	15	1	30	0	40	0	50	0
	Strategic Activities Fund											
Indicator s												
1	Number of grants/sub-contracts	Number	2008	0	20	13	45	0	70	0	90	0
2	Value of grants and sub-contracts	Euros	2008	0	400,000	124,436	1,600,000	0	2,600,000	0	2,900,000	0

Annex 3. PMP Report - Summary of Quarterly Results

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2009 Target	Q1 2009 Actual	Q2 2009 Actual	Q3 2009 Actual	Q4 2009 Actual	2009 To Date
1.3	Accelerated Growth of Private Sector									
Indicators										
1 (AR)	Exports as % of imports, by sector	Percent	2008	10.2%	11.0%	0.0%	0.0%	6.9%	0.0%	6.9%
2	Foreign direct investment, by sector	Thousand Euros	2008	357,400	430,000	0	0	0	0	0
3	Value of sales, by sector	Thousand Euros	2008	4,418,000	4,900,000	0	0	636,645	0	0
4	Number of people employed, by sector	Number	2008	481,000	488,000	0	0	491,821	0	491,821
1.3.1	Increased Competitiveness of Key Sectors									
Indicators										
1	Increase in sales in target sectors	Euros	2008	79,108,504	8,000,000	0	-1,768,236	14,506,658	0	12,738,422
	% increase in sales over current baseline	Percent	2008	0	10.1%	0.0%	-16.9%	65.0%	0.0%	48.1%
2	Increase in investments in target sectors	Euros	2008	0	3,200,000	0	3,022,465	3,595,204	0	6,617,669
3 (AR)	Increase in jobs created in target sectors	Number	2008	1,485	800	0	-80	175	0	95
4	Number of enterprises assisted in target sectors	Number	2008	36	61	0	36	6	0	42
5	Number of new start-ups in target sectors	Number	2008	0	7	0	0	0	0	0
6	Number of partnerships	Number	2008	0	10	0	2	1,433	0	1,435
7	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	0	0	0	0	0	0

1.3.2 Improved and Demand Driven Business Support Services										
Indicators										
1	Number of enterprises and associations providing business support services	Number	2008	11	20	0	11	15	0	15
2	Value of sales among BSPs	Euros	2008	1,272,663	40,000	0	76,295	69,476	0	145,771
3	Increase in jobs created among USAID supported BSPs	Number	2008	96	8	0	4	23	0	27
4	Progress on the Association Development Index	Median Score	2008	1.59	1.60	0.00	0.00	0.00	0.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	0	19	0	0	19
1.3.3										3
Indicators										
1	Progress on the Business Environment Index (BizCLIR)									
1.1	Contracts	Percent	2008	18%	25%	0%	0%	0%	0	0
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0%	0%	0%	0	0
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0%	0%	0%	0	0
1.2	International Trade	Percent	2008	34%	41%	0%	0%	0%	0	0
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0%	0%	0%	0	0
1.2.2	Implementing institutions (H.2)	Percent	2008	27%	40%	0%	0%	0%	0	0
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0%	0%	0%	0	0
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0%	0%	0%	0	0

1.3	Foreign direct investment, by sector	Percent	2008	40%	48%	0%	0%	0%	0	0
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0%	0%	0%	0	0
1.3.2	Implementing institutions (K.2)	Percent	2008	36%	45%	0%	0%	0%	0	0
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0%	0%	0%	0	0
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0%	0%	0%	0	0
2	Progress on the policy index	Percent	2008	0	70%	0	17%	17%	0	17%
1.3.4	Improved Capacity of the Workforce to Engage in Employment Opportunities									
Indicators										
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	207	524	6,796	0	7,527
2	Number of training certifications	Number	2008	0	80	0	0	0	0	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	0	0	0	0	0
4	Number of individuals provided with services	Number	2008	0	800	0	0	26	0	26
5	Number of internships	Number	2008	0	3	0	0	33	0	33
6	Number of partnerships	Number	2008	0	15	0	0	1	0	1
Strategic Activities Fund										
Indicators										
1	Number of grants/sub-contracts	Number	2008	0	20	0	2	11	0	13
2	Value of grants and sub-contracts	Euros	2008	0	400,000	0	12,978	111,458	0	124,436

Annex 4. Quarterly dashboard

Component/Sector	Objectives and activities from the work plan	STATUS
I. COMPONENT 1: INCREASED COMPETITIVENESS OF KEY SECTORS		
A. TRANSFORMATIONAL SECTORS		
1. SECTOR: AGRICULTURE		
1.1. SUB-SECTOR: DAIRY		
Objective 1: Improve raw milk quality		
	Activity 1: Dairy marketing strategy	COMPLETED
	Activity 2: Dairy internship program with the University of Pristina	ONGOING
Objective 2: Improve product quality, formulation, and processes		
	Activity 1: Technical assistance to Bylmeti to develop a yogurt product for ETC	COMPLETED
	Activity 2: Dairy technology short course	COMPLETED
	Activity 3: New white cheese formulation	COMPLETED
Objective 3: Improve packaging		
	Activity 1: Conduct an investment seminar on dairy/food packaging	ONGOING
Objective 4: Respond to requests from local clients to meet specific needs aimed at achieving significant and tangible results		
	Activity 1: Dairy product specifications development for Ministry of Agriculture, Forestry and Rural Development (MAFRD)	COMPLETED
	Activity 2: Training in food safety	CANCELLED
1.2 SUB-SECTOR: VEGETABLES		
Objective 1: Penetrating regional markets for peppers and potatoes		
	Activity 1: Identify potential buyers of vegetables in Albania, Macedonia and Montenegro	ONGOING
	Activity 2: Assist the Perdrini Association to develop an MOU to be signed by members of the Association to commit to supply the volume and quality of peppers to be delivered to the Macedonia and Albania markets	COMPLETED

	Activity 3: Provide training to Perdrini Association agronomists to monitor peppers for quality control and yield	ONGOING
	Activity 4: Continue to identify new markets for peppers and potatoes	ONGOING
	Activity 5: Provide Hazard Analysis and Critical Control Points (HACCP) design assistance to Etlinger processing facility	COMPLETED
	Activity 6: Conduct vegetable pre-harvest conference in early June	COMPLETED
	Objective 2: Develop vegetable infrastructure through collection centers	
	Activity 1: Develop a business model and investment profile of collection centers	SCHEDULED JULY
	Activity 2: Study tour of vegetable collection centers to Macedonia and Albania	SCHEDULED JULY
	Activity 3: Promote vegetable collection centers as an investment opportunity	SCHEDULED JULY
	Objective 3: Improved vegetable varieties field trials	
	Activity 1: Conduct pepper variety trials and field days	ONGOING
	Activity 2: Conduct white bean trials and field days	ONGOING
	1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS	
	Objective 1: Identify new markets for non-wood forest products (NWFP)	
	Activity 1: Develop a non-wood forest product inventory and action plan development for penetrating new markets	COMPLETED
	Activity 2: Study tours Bulgaria and Serbia	BULGARIA-COMPLETED, SERBIA-CANCELLED
	Activity 3: Conduct a pre-harvest conference	SCHEDULED JULY
	Activity 4: Attend as observers to the New York Fancy Food Show	COMPLETED
	Activity 5: Develop a Good Agricultural Practices (GAP) manual and train collectors on its use	SCHEDULED JULY
	Activity 6: Audit for HACCP and organic certification	HACCP-COMPLETED/ ORGANIC-SCHED. YEAR 2
	2. SECTOR: CONSTRUCTION	
	2.1. SUB-SECTOR: ROAD CONSTRUCTION	
	Objective 1: Improve Local Road Design Capability	

	Activity 1: Liaison with GOK on the need to specify investments according to international standards	ONGOING
	Activity 2: Organize study tour to Slovenia for GOK and private sector stakeholders	PLANNED FOR JULY
	Activity 3: Road Design Training Needs Assessment	COMPLETED
	Objective 2: Upgrade the Skills of Construction Workers	
	Activity 1: Needs assessment for heavy equipment operators training program	COMPLETED
	Activity 2: Heavy equipment operator survey	COMPLETED
	Activity 3: Determine feasibility and support for Heavy Equipment Operator Training Center	ONGOING
	Activity 4: Study tour to US to observe operations of heavy equipment operators training center	PLANNING STAGE
	Activity 5: Identify providers of training for construction workers, including laborers, heavy equipment operators, and crew supervisors	ONGOING
	2.2. SUB-SECTOR: CONSTRUCTION MATERIALS	
	Objective 1: Improve Architectural Design and Engineering Services	
	Activity 1: Consider changes to legislation necessary to regulate services provided by architects and engineers, and recommend improvements	ONGOING
	Activity 2: Prepare a training and certification SOW to improve design and engineering services and contract for STTAs services	PENDING
	Activity 3: Agree on Training Center premises; prepare budget for the program	ONGOING
	Activity 4: Awareness building with local insurance firms and banks	ONGOING
	Objective 2: Develop Workforce Skills in the Improved Manufacture of Concrete	
	Activity 1: Develop training programs for concrete plant operations, maintenance and supervisory personnel, and contract for his/her services	ONGOING
	Activity 2: Ensure EN standards for concrete are being incorporated in building specifications	ONGOING
	Activity 3: Develop training programs, engage trainers, and deliver training	PLANNED
	Objective 3: Demand driven activities not included in the Year 1 Workplan	NEW OBJECTIVE, NOT IN THE ORIGINAL WP
	Activity 1: Linkages with local producers	ONGOING
	Activity 2: Determine needs for construction materials sector	ONGOING

	Activity 3: Facilitate Public/Private sector dialog	ONGOING
3. SECTOR: FORESTRY AND WOOD PRODUCTS		
3.1. SUB-SECTOR: FORESTRY		
Objective 1: Improve Forestry Management Practices		
	Activity 1: Provide support to the National Forestry Working Group and development of the national forestry strategy for FSC certification of forests	ONGOING
	Activity 2: Provide technical assistance and training to MAFRD and KFA in auditing forest management plans and compliance with FSC certification	RESCHEDULED FOR YEAR 2
Objective 2: Improve the forest tendering process for public land logging		
	Activity 1: Design a pilot forest tendering process	ONGOING
	Activity 2: Develop a model long term timber agreement consistent with the new law on public/private partnerships	ONGOING
Objective 3: Undertake a biomass study to identify opportunities		
	Activity 1: Conduct a biomass study	ONGOING
3.2. SUB-SECTORS: WOOD PRODUCTS		
Objective 1: Developing new markets and new driven products of international quality standards		
	Activity 1: Improve management of drying kilns	COMPLETED
	Activity 2: Improve furniture design	ONGOING
	Activity 3: Prepare for the Ligna Fair in coordination with GTZ	COMPLETED
	Activity 4: Identify potential market opportunities	ONGOING
	Activity 5: Implementation of “from log yard to market” improvements at major wood processors	COMPLETED
	Activity 6: Support the AWPK to conduct Natyra 2009 Fair, an exposition of Kosovo wood products	COMPLETED
	Activity 7: New product development	ONGOING
Objective 2: Improve capacity of the Association of Wood Processors in Kosovo (AWPK) to provide member services such as training and advocacy		
	Activity 1: AWPK has worked with the Kosovo Standards Agency to adopt 46 EU wood industry standards	COMPLETED

	Activity 2: AWPK managed Natyra 2009 Fair	COMPLETED
	Activity 3: participation in Ligna Fair, Hanover, Germany	COMPLETED
	Activity 4: Kosovo Standards Agency with AWPK is in the process of establishing a wood industry standards committee	ONGOING
	Activity 5: AWPK is preparing to present its members' products at the Tirana Wood Products Fair in September	ONGOING PREPARATIONS
B. TRANSACTIONAL SECTORS		
1. SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY		
	Objective 1: Improve product development, marketing and sales capabilities, and market linkages for selected firms	
	Activity 1: ICT Sales Boot Camp	COMPLETED
	Activity 2: IBM's Signature Selling Method Workshop	CANCELLED
	Activity 3: Kosovo-Macedonia B2B Event	CANCELLED
	Activity 4: Kosovo-Albania B2B Event	PLANNED
	Activity 5: Attendance at Systems 2010	CANCELLED
	Activity 6: Industry Solutions	CANCELLED
	Activity 7: Attendance to Call Center World Berlin	PLANNED
	Activity 8: Work with RCI on IT mark	CANCELLED
	Activity 9: Online marketing services for Kosovo tour packages, tourist experiences and products	ONGOING
	Objective 2: Improve workforce skills in ICT sector	
	Activity 1: ICT vendor certification	ONGOING
	Activity 2: PMP certification	ONGOING
	Objective 3: Strengthen ICT Association	
	Activity 1: Supply-Demand Survey	ONGOING
	Activity 2: Design and production of promotional materials for ICT Fair	COMPLETED
	Activity 3: Develop by-laws and procedures	ONGOING
	Activity 4: Support ECDL training and national operator's concept through the ICT Association	ONGOING
	Objective 4: Improve legal and regulatory environment for ICT sector	

	Activity 1: Develop Internet exchange point	ONGOING
	Activity 2: Support .ks domain name	ONGOING
2. SECTOR: TOURISM		
Objective: Increase sector revenue through exports (tourist arrivals) including increased spending by the local international community, increased domestic sales (local tourists) and foreign or domestic investment into the sector		
	Activity 1: Identify an institutional counterpart	COMPLETED
	Activity 2: “Stay the Weekend – Experience Kosovo” Travel Day Fair	COMPLETED
	Activity 3: ‘A Taste of Kosovo’ Restaurant Tour & Tourism Promotion	DROPPED
	Activity 4: Be on the lookout for foreign investment opportunities	ONGOING
	Activity 5: Developing the knowledge of ‘Stay the Weekend – Experience Kosovo’ travel tour suppliers to maximize marketing and promotion efforts and sales	ONGOING
	Activity 6: “Join us for the Weekend – Experience Kosovo” promotion event in Albania	COMPLETED
	Activity 7: “Stay the Weekend – Experience Peja” Street Fair	ONGOING
3. SECTOR: RECYCLING		
Objective: Develop a sustainable pilot project for PET recycling to demonstrate the financial and other benefits of recycling as well as to identify foreign direct investment (FDI) to improve conditions and long-term success of the sector		
	Activity 1: Identify potential opportunities to increase recycling and generate public support	ONGOING
	Activity 2: Identify opportunities to collaborate and cooperate with other projects and other donors	ONGOING
	Activity 3: Develop and implement action plan	POSTPONED FOR YEAR 2
4. SECTOR: FABRICATED METALS AND AUTO PARTS		
Objective: Provide targeted technical assistance and support services to producers of metal products and auto parts to maximize ROI		

	Activity 1: Identify GTZ involvement in Fabricated Metals and look for opportunities to provide complimentary support	ONGOING
	Activity 2: Review of existing auto parts industry and potential to link to regional automobile manufactures	ON HOLD
5. SECTOR: DECORATIVE STONE		
Objective: Better understand the potential and operating environment for the sector and be able to quickly move to support potential investment opportunities as needed		
	Activity 1: Stay abreast of sector developments via media reports, local industry records, systematic contacts with quarry and stone/ceramic fabrication enterprises, and flash surveys	ON HOLD
	Activity 2: Pinpoint opportunities for FDI and keep abreast of investment activities	ONGOING
II. COMPONENT 2: BUSINESS SUPPORT SERVICES		
Objective 1: Support KPEP target sectors through the development of technical service providers		
	Activity 1: Support sectors in identifying local service providers	ONGOING
Objective 2: Build the capacity of Kosovo business services providers to better meet the consulting and support service needs of the Kosovo private sector		
	Activity 1: “Kosovo Premier Advisors” training for potential trainers and others	COMPLETED
	Activity 2: Implement/continue KPA based on feasibility study completed by participants in pilot training	UNDER REVIEW
	Activity 3: Develop training skills training program for subject matter experts and freelance consultants in cooperation with local training company and pilot (offering to be continued by local firm)	ONGOING
	Activity 4: Develop consulting skills training program for subject matter experts and solo consultants and conduct two pilots, lawyers and consultants	COMPLETED
	Activity 5: Support management consultants in pursuit of international certification (CMC) in collaboration with TAM-BAS program	ONGOING

Objective 3: Enhance the ability of associations to advocate for, communicate to and market their associations and members		
	Activity 1: Administer Association Development Index for the project baseline	COMPLETED
	Activity 2: Develop trade fair manual and participation training program that prepares companies to be visitors or exhibitors at international trade fairs and partner with local firms	ONGOING
	Activity 3: Develop and deliver training to associations which participated in the Association Development Index; Develop a course which focuses on “Association Fundamentals”	ONGOING
	Activity 4: Support associations from KPEP’s identified transformational sectors to advocate and lobby for key policy issues in their sectors	ONGOING
III. COMPONENT 3: BUSINESS ENABLING ENVIRONMENT		
Objective 1: Support KPEP target sectors through the achievements in the Business Enabling Environment		
	Activity 1: Assist in resolving the potato revaluation issue on potatoes exported from Kosovo to Albania	COMPLETED
	Activity 2: Review and commentary on Draft Food Law	COMPLETED
	Activity 3: Review and commentary on Draft Construction Law	COMPLETED
	Activity 4: Draft recommendations on Architect and Engineer Licensing regime	COMPLETED
	Activity 5: Draft recommendations in collaboration with AWPK on discontinuation of certain import tariffs	COMPLETED
	Activity 6: Review of overlapping laws in forestry sector	ONGOING
	Activity 7: Review and commentary on draft Law on State Domain and made recommendations on alternatives	ONGOING
	Activity 8: Commentary and recommendations on amendments to draft law on Tourism. Recommended private sector stakeholder consultation	ONGOING

	Activity 9: Review of Laws and Regulations related to Recycling – E.g., Collection and Transport of Waste.	COMPLETED
Objective 2: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment		
	Activity 1: Update the 2007 Commercial Legal Institutional Reform (CLIR) Kosovo Indicators	COMPLETED
	Activity 2: Complete the first stage of contracting capacity building programming by drafting several contracting “briefers” as a part of materials for trade show participants	COMPLETED
	Activity 3: Support opportunities for Public-Private Partnership	ONGOING
	Activity 4: Implement Business Consultant Training Program in collaboration with the KPEP BSS Component and ABA-CEELI	COMPLETED
	Activity 5: Organize Legal Ethics Roundtable for lawyers with Judge Advocate General (JAG) team from Bondsteel	COMPLETED
Objective 3: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements		
	Activity 1: CEFTA related work	ONGOING
Objective 4: Support increased foreign direct investment		
	Activity 1: Foreign Direct Investment Workshop	COMPLETED
	Activity 2: Investment briefs prepared for high prospect local firms	ONGOING
	Activity 3: Identify and network with potential investors particularly from the diaspora community	ONGOING
	Activity 4: Support for potential investor from Wisconsin	ONGOING
IV. COMPONENT 4: WORKFORCE DEVELOPMENT		
Objective 1: Support KPEP sectors to create effective training/other programs		
	Activity 1: Dairy internship program	ONGOING
	Activity 2: Feasibility study for internship program with Road Construction Assoc. and Kosova	UNDER DEVELOPMENT

	Assoc. of Architects	
	4. Activity 3: Job Fair in Peja with wood and furniture-related firms	COMPLETED
Objective 2: Institutionalize training and other programs which will increase capacities of workforce development		
	Activity 1: Initial discussion for Curriculum development for secondary level students in furniture design	UNDER DEVELOPMENT
	Activity 2: Initial discussion for including HACCP course into curriculum for secondary level of agricultural school	UNDER DEVELOPMENT
Objective 3: Improve training programs to be more practical and experiential		
	Activity 1: Support the Business Case Challenge	COMPLETED
	Activity 2: Conduct pilot business and economics internship program	ONGOING
Objective 4: Assist selected training/other institutions to improve service offering		
	Activity 1: Job Fair for Carpentry VET and Marketing for Carpentry VET in Peja	COMPLETED
	Activity 2: Conduct feasibility study for creation of YES Center Network	PLANNED
Objective 5: Increase entrepreneurial skills of youth		
	Activity 1: Entrepreneurship training program in two pilot municipalities	ONGOING

	Progress toward achieving results satisfactory
	Some issues, problems or concerns
	Serious issues; achievement of results in doubt
	Delayed, under review or dropped