



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

# USAID KOSOVO PRIVATE ENTERPRISE PROGRAM (KPEP)

YEAR 3  
FIRST QUARTER REPORT  
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## Executive Summary

This quarterly report covers the period 1 October 2010 through 31 December 2010. This period reflects the work of the new management team at KPEP with the arrival of both a new Chief and Deputy Chief of Party during the months of August and September 2010.

The Quarterly report follows the outline of the project work plan submitted 30 September 2010. Each sector in that document articulates performance goals for the year under specific measurable benchmarks. It is specifically against these benchmarks that this quarterly report is written. For clarity, all established strategy assumptions and background have been omitted in this report and each sector reports strictly against stated benchmarks only. These benchmarks read exactly as they were stated in the initial work plan.

The quarter under review has seen good progress against many benchmarks, reflecting KPEP's strategic approach. In sectors with critical seasonal restrictions – **Fruit and Vegetables and Non-Wood Forest Products**, work has emphasized the preparation of clients for increased performance in the upcoming production and marketing seasons. Client visits have been intensive in establishing requirements and, where appropriate, grant support has been advanced. Fruit and vegetable pack house/collection points have been supported to give improved geographical coverage. Grant support has ensured that cooling facilities are available appropriately to production areas. Linkages to markets have been redefined and processors have received appropriate support to ensure that they are ready to process and market increased volumes of product. Production enhancements have been promoted through linkages with external investors in greenhouse construction and local banks. These sectors have emphasized the upgrading of processing facilities with HACCP standards preparation, and worked to bring greater collaboration to the sector by regular discussions with all involved.

The **Livestock sector** has made rapid progress against benchmarks with the establishment of the raw milk sampling scheme and this work will see farmer benefits in Q2. The groundwork has been laid with collaborating partners and the bureaucratic processes at the Ministry of Agriculture have been resolved ensuring enforcement of the raw milk quality decree (a decree drawn up under KCBS). This sector has received a boost in that many of our clients have received significant grant support from the EU to upgrade facilities and this will, in combination with our technical and market linkages, improve efficiencies and output. This is particularly important in the poultry sector where our only client is now able to more than double his production and slaughter capacity. Local sales

of fresh broilers are increasing significantly and the firm is anticipating excellent results from the EU grant investment. KPEP assisted all these clients in their applications to the EU grant facility. The **forest and wood industry** activities are proceeding well, with notable success in the forest sector as the National Forest Standards – submitted to the Forest Standards certification Body on 16 September, continue to receive solid buy-in from all stakeholders at regional trainings. The wood processing sector has continued to support the industry through industry manufacturing association – AWPK – to attend important regional trade fairs and exports of furniture have increased – particularly to Albania where regular trade fair attendance is starting to show results.

This quarter saw good strategic progress in the **construction materials** sector with the identification of three industries with growth potential – clay bricks and blocks, galvanized metal fabrication and clay roof tiles. In addition to these industries, international standards application across the sectors has been intensified. Exhaustive client visits have been made to understand their needs, and where appropriate grant support has been initiated. The **road construction** sector has finalized the targets for upgrading workforce skills by selecting the KEK training center to host the heavy operators training center, as well as the welder's certification courses. The professional upgrading approach has been finalized during this quarter with the certification courses for road engineers having been finalized and ready to initiate during Q2.

The **tourism** sector has intensified its work raising the demand for and increasing the quality of tourism offers in Kosovo. Initial indications are that this work is being well received internationally, with more than 4 times the inbound tourism in Q1 than the whole of last year. A combination of internal improvements and high level exposure in international target markets through tourism fairs and familiarization trips is paying off. Of particular note this reporting period is the successful negotiation of a regional tourism offer in the Dukagjini region with five municipalities coming together to program their offers; as well as the emerging public private partnership in the Rahovec/Orahovac region between the municipality and the wine producers and processors to collaborate in improving their wine tourism offers.

The **recycling** sector is consolidating its position by working with a major regional player in the plastics recycling industry. Seven new centers have been opened up for more effective and efficient plastics collection and processing. Additionally, a grant has been made to a large tissue paper manufacturer to improve processing of locally available paper and to replace imports of semi processed product. This should improve paper recycling activities during the work plan year.

The **ICT** sector has focused strategically on interventions with the greatest potential for job creation. An investigative visit to India highlighted the potential of Kosovo as an opportunity for

firms looking to bring business process outsourcing closer to their European Business partners. At least one Indian investor is seriously looking to invest in Kosovo as a result. The industry skills gap analysis continues to look at opportunities to focus workforce development activities in this high potential sector. Work during this quarter saw the conclusion of the grant agreement between CISCO and the TRA and the construction of the facility at UP (with Norwegian support). The IXP will be operational during Q2.

Cross cutting support is being generated by **BEE**, **BSS** and **WFD**. Additional to sector driven activities, each of these support functions has its own activities. BEE has driven the collaboration efforts between KPEP and the new KBEEP project. This collaboration has been important in generating the KPEP identified specific trade issues and collective action has resulted in the development of well conceived and articulate position papers that have been circulated at ministerial level. BSS has continued to provide support to association strengthening with the development of specific strategic plans for KPEP supported associations. Work in this area will conclude in Q2 with fully articulated plans for each association. WFD continues to work with the internship process having particularly good results with industry placements in the financial sector. This success has stimulated interest in institutionalizing the internship process – action likely to see conclusion in Q2.

Additionally, KPEP was asked to initiate a “cash for work” program in Northern Kosovo, which was successfully launched on Dec 6<sup>th</sup>. The cash for work program involves specifically cleaning the banks of the Ibar River in 4 municipalities and to date has seen the employment of all 172 employees enthusiastically engaged in the work. This represents the start of Phase I of the activity. KPEP responded to the request to investigate small business support opportunities in the north by placing two full time staff in North Mitrovica. Response has been overwhelming with more than 40 business support opportunities being identified by the end of the quarter. The challenge remains here to follow this identification with action or quickly close down this activity if funding is not available. KPEP works to manage expectations in order to prevent backlash.

A key focus for the project this quarter has been to improve significantly the collaboration between the project and other USAID projects as well as other donors and donor projects and the GoK. In addition to sector and component-specific collaboration, KPEP has worked actively to safeguard USAID funds across the project by sharing data on grant applications received with other projects. In the case of IPC’s economic growth grants, a KPEP staff member served on IPC’s grant review committee. This significantly improved collaboration is reflected in the following table.

Coordination Efforts of KPEP				
KPEP technical area	USAID partners	donor partners	GoK partners	Local partners
<b>DAIRY</b>				
raw milk sampling		Swiss Labor Assistance	MAFRD KFVA	KDPA KAMP
dairy technologist trainings	World Learning Land o Lakes	EU**		KDPA
dairy policy	KBEEP		MAFRD MTI	
broilers		EU** UNDP		
<b>FRUIT AND VEGETABLES</b>				
greenhouses		MASHAV	MEF, MAFRD	farmer's associations
Trade Fairs and Trade Policy	KBEEP	Intercooperation		Raiffeisen Bank
<b>NON WOOD FOREST PRODUCTS</b>				
NWFP: organic, wild harvest		GIZ HPK	Municipality of Strpce MAFRD IPAK	
			University of Pristina Customs Agency KFA	
<b>FORESTRY</b>				
forest certification		SIDA SNV FAO EU Finnish Embassy Norwegian Embassy	KFA MAFRD	AWPK
<b>WOOD PROCESSING</b>				
reaching new markets		CWPA GIZ	IPAK	AWPK
new curriculum			Faculty of Applied Sciences	
biomass		World Bank		
<b>ROAD CONSTRUCTION</b>				
pilot road			MTT	
road design curriculum			Faculty of Civil Engineering	
Heavy Equipment Operators training Center			KEK	
internships				RCAK
<b>CONSTRUCTION MATERIALS</b>				
licensing of architects			MESP	

<b>ICT</b>				
Business Process Outsourcing			IPAK	STIKK
IXP		Norwegian Embassy	TRA	
<b>TOURISM</b>				
wine tourism	FORECAST	GIZ	Municipality of Rahovec/Orahovac	
Destination development			RTB**	
promotion of the sector	MFASP		MTI; IPAK	KOTAS; KATA
regional cooperation	RCI			KOTAS; KATA
<b>BSS</b>		TAM-BAS		
<b>BEE</b>	KBEEP	MAFRD	IPAK	Am Cham
	MFASP			
<b>WFD</b>	YEP	Swiss Contact		
	Mercy Corps	UNDP	MTI	KCC
		Norges Vel	MEST	
		DANIDA	MLSW	
		BCYF		
		LUX Development		
		EU SME		
		CDF		
<b>OTHER</b>	IPC, Crimson Capital			

## Component 1: Increased Competitiveness of Key Sectors

### *Agriculture: Livestock*

	SAF Budget Estimate	International STTA	Local STTA
	\$114,000	40 days	152 days
Committed this quarter	\$138,000		
Total committed to date	\$138,000		

### Livestock Industry: Dairy

#### Objective 1: Sustainable improvement in milk quality (Ongoing)

#### Benchmarks

- KPEP anticipates this activity will result in an increase in the number of raw milk samples analyzed at KVFA's raw milk laboratory with field personnel collecting at least 1,000 samples per month.

This quarter, we interviewed 25 candidates for the project coordinator position and five field personnel positions from a large pool of applicants. We drafted and delivered the field personnel and project coordinator position descriptions to reflect the implementation of a transparent raw milk sampling project. MAFRD Minister Blerand Stavileci, USAID KPEP COP Mark Wood, Swiss Labor Assistance (SLA) Project Manager Teuta Berisha, KDPA President Ramadan Memaj, KAMP President Milazim Berisha and KVFA Chief Valdet Gjinovci officially signed an MOU to launch the transparent raw milk-sampling project. The MOU aims to foster a close partnership between the six partners in order to successfully implement the project. We expect that the collection of the raw milk samples will begin in January. The sampling and testing system for raw milk in Kosovo is carried out in accordance with Administrative Instruction MA – Nr. 20/2006.

- **Bar code system on milk samples introduced and adopted by both processors and producers**

This quarter, KPEP carried out operational activities in order to create an efficient raw milk testing laboratory and to understand the resources necessary to install a barcode machine that identifies milk samples throughout the collection and testing process. KPEP and KFVA's raw milk laboratory director are currently discussing options for the barcode machine and will negotiate the terms for developing barcode machine software with local ICT service providers.

- **At least 40% of farmers sampled see an improvement of at least one quality grade.**

Since the sampling process is not yet established it is too early to examine performance under this benchmark. It is expected that early in quarter 2 that results will begin to accrue.

- **The additional income of these farmers is at least 140€ per year per animal milked**

It is anticipated that the bar coding and online system of quality reports will assist in closer monitoring of this benchmark and that results will begin to show during the second quarter.

### **Additional Achievements**

We took advantage of an opportunity to introduce a new client into the KPEP database. The Rugove dairy plant officially became a KPEP client upon signing the confidential letter and sharing baseline data.

### **Challenges**

The transparent raw milk sampling project did not start as soon as expected because more stakeholders requested to become involved. In an effort to resolve this issue, we drafted an MOU signed by all stakeholders.

## Activities Planned for the Next Quarter

- Develop a list of dairy farmers who supply dairy plants with raw milk
  - Develop a database to track improvements in raw milk quality
  - Begin raw milk sampling in January
  - Develop the SMS data transfer system to alert processors and suppliers
- 

## Livestock Industry: Dairy

### Objective 2: Improve quality and variety of dairy products (New)

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#### Benchmarks

- **Four dairy technologists and one private dairy consultant trained**

In collaboration with the Kosovo Dairy Processors Association, we selected six dairy technologists from six Kosovo dairy plants (Devolli, Bylmeti, Rugove, Eurolona, Ajka and Sharri dairy plant) to attend the dairy technology training program in the Minnesota and Wisconsin in the United States. Though we received applications from a number of firms willing to provide the requested cost share, we could not accommodate all applicants. Land O'Lakes has designed a suitable training program for local dairy technologists. The objective of the program is to ensure that companies, particularly USAID KPEP clients that have received new EU grants for equipment and processing capacity, are able to increase technical staff capacities. Though the Dairy Sector is growing, it still lacks adequate skills to develop new product lines, particularly those that require the use of cultured products such as cheese and yogurts (particularly fruit yogurt). We anticipate the training program will take place in March 2011. Trainees are being screened for the visa application process.

- **A measurable increase in product shelf life in products from target firms**

Beyond introducing new dairy products into the market, the dairy technology training program scheduled to begin March 2011 will also focus on raw milk handling procedures. This will include dairy plant cleaning, sanitation and disinfection for equipment rooms and dairy plant workers in

accordance with Good Hygiene Practices (GHP). Raw milk quality improvement and improving hygiene conditions in dairy plants are crucial to increasing the shelf life for final dairy products.

- **A measurable improvement in milk conversion ratios in target firms**

We anticipate performance against this benchmark to take place in the next quarter.

- **At least two new dairy plants HACCP certified**

KPEP met with several dairy companies to develop an appropriate SOW. We have drafted the SOW and have identified a consultant. The assignment is scheduled to begin next quarter. The SOW foresees engaging a regional dairy consultant to (1) work with at least two dairy processing companies to identify HACCP priorities and (2) to develop a one-year HACCP certification implementation plan that addresses outstanding HACCP violations

- **At least two new dairy products introduced to the market by target firms**

We anticipate this activity will take place in the next quarter.

## **Challenges**

- Funding for the dairy technology training has been an issue – we had anticipated that we would be able to leverage resources from other stakeholders – but this has not materialized and we have resorted to funding using KPEP resources and have had to increase the level of funding by participants. This has been met with enthusiasm in spite of this.

## **Activities Planned for the Next Quarter**

- Work with Land O'Lakes and World Learning (visa processing) to finalize the dairy technology training program
- Prepare HACCP implementation plans for two dairy processing companies

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**Livestock Industry: Dairy****Objective 3: Improve product marketing and business relationships (Ongoing)**

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**Benchmarks**

- **Dairy Imports will decline by at least €2 million during the 12-month period starting October 1, 2010 and ending September 30, 2011, reflecting an increase in market share by domestic producers**

KPEP has requested 2009-2010 comparative dairy import data from the customs office in order to better understand if imports of dairy products are declining this quarter. We expect to receive this data in January and report an evaluation of the imports and consumption data in Q2.

- **Increase of €1.5 million in farm gate value of sales of dairy products**

The dairy promotion campaign that aims to raise consumer awareness in consuming local dairy products will coincide with a seasonal surplus of milk. The goal is to create a spike in consumption and to increase the competitive position of Kosovo dairy products. Performance against this benchmark is expected during Q3.

- **At least 20,000 school children benefit from the school milk promotion drive during 2011**

This activity will take place in during Q3.

**Activities Planned for the Next Quarter**

- Meet with dairy companies to define ways to organize the dairy promotional campaign
- Draft SOW for dairy promotion campaign as well as enhancing our ability to determine results in addition to customs data.

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## Livestock Industry: Dairy

### Objective 4: More effective dairy policy (Ongoing)

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#### Benchmarks

- **At least one trade policy impacting the dairy sector adopted by the Government of Kosovo.**

This benchmark is in progress but not yet achieved. This quarter, KPEP has continued to disseminate information about the number of unfair trade practices to the governmental institutions and different projects supported by donor agencies who are working to create a culture of trade and to improve the working environment for local producers. KPEP briefed the KBEEP project about a number of trade challenges currently affecting Kosovo agricultural producers. To date, there is no Safeguards Law and options to protect domestic products from unfair trade practices are quite limited, even in cases where exporters sell produce below the cost of production or below the sales price in the country of origin. This is known as dumping, as defined in the WTO Agreement on Anti-dumping.

#### Additional Achievements

- The Trade Policy Working Group was established by the KBEEP project to better coordinate trade policy decisions. KPEP recommended the creation of agriculture subgroups to address trade issues affecting agricultural producers in Kosovo.

#### Challenges

- We have had extensive discussions with relevant governmental agencies (MTI, MAFRD) interested in supporting the Kosovo dairy industry to find remedies for unfair trade practices

imposed by exporting countries. Apart from moral support, none have taken any action to help solve current unfair trade practices.

### **Activities Planned for the Next Quarter**

- Work with KPEP clients to prepare an economic brief that describes the trade problem, estimates the impact of the problem, including lost business, reduced production, lost employment, profit and tax revenue; submit findings to the Trade Policy Working Group, which can subsequently recommend possible remedies.
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### **Livestock Industry: Poultry**

#### **Objective 1: Expand poultry sector in Kosovo (New)**

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### **Benchmarks**

- **Konsoni broiler sales will increase by at least 50%, from 1500 to 2250 birds per day.**

To increase processing capacity from 1500 to 2500 birds a day, KPEP is supporting Konsoni, Kosovo's largest broiler producer and processor, to develop a pilot fresh broiler marketing program. KPEP will help Konsoni to set up one fixed and one mobile place for grilling birds. This will allow Konsoni to increase the broiler sales by selling grilled birds. The fixed grilling unit is now operational in Pristina. Konsoni owner Zef Pjejr is leading the effort and is very satisfied with sales of fresh broilers. The fresh broiler stores are appealing to consumers in the neighborhood. Pjejr has indicated that Konsoni will open five additional fixed stores throughout Kosovo; if sales increase, the slaughterhouse will expand its production to two shifts. It is too early to report on overall sales improvement but additionally, fresh birds are more visible in the market and it is anticipated that this benchmark will be exceeded.

- **At least three lead farmers begin turkey production with identified end markets for first year product.**

No activity this quarter. Q2 will determine targets of opportunity

### **Additional Achievements**

- Supported Aves Prom, the sole broiler producer and processor in north Kosovo, to establish a new broiler barn currently in its final phase. This will see a significant increase in broiler output in Northern Kosovo once the project is completed.
- During discussions with Israeli investors targeting the greenhouse sector, interest was shown in investment in the broiler industry. It is possible that the firm will consider equity investment with Konsoni in Q2. KPEP will continue to support this exciting development.

### **Challenges**

- The Konsoni grant disbursement is not proceeding as fast as expected as a result of the high cost of external auditing required by SAF procedures.
- The Aves Prom grant is pending the final Environmental review approval by the ministry of environment

### **Activities Planned for the Next Quarter**

- Disburse the grant and setting up the mobile broiler grilling unit.
- Finalize construction of a new broiler barn in North Kosovo.

**Agriculture: Fruit and Vegetable**

	<b>SAF Budget Estimate</b>	<b>International STTA</b>	<b>Local STTA</b>
	\$200,000	24 days	100 days
Committed this quarter	\$299,940	0	0
Total committed to date	\$299,940	0	0

**Agriculture: Fruit and Vegetable****Objective 1: Improve fruit and vegetable production (Ongoing)****Benchmarks**

- **At least ten farmers will begin new hybrid variety cultivation previously demonstrated through pepper test trials in Year 2.**

Nothing to report this quarter. Initial planting indications will be given in Q2 as farmers register for plantings and off take agreements are negotiated. It is likely that a pepper “conference” to be held in Q2 will stimulate this.

- **At least five hectares of hybrid peppers produced with a commercial off take of 200 MT.**

Nothing to report this quarter. Results pending as above

- **At least one new greenhouse seedling producer will enter the market for field vegetables.**

We facilitated a meeting with Las Pallmas and the Israeli company STILON to discuss seedling cultivation in Kosovo (Las Pallmas nursery) as opposed to importing seedlings. We expect to have more details in Q2 since significant interest has been developed in utilizing seedling for improved production – especially with the new greenhouse initiative.

- **At least 50 new hectares of plastic mulch will be applied, extending the length of the season for tomato, pepper and watermelon production.**

Initial farmer response to improving production practices has indicated an interest in this technology and it is likely that commitments in Q2 will realize the projected hectarage.

- **At least five input suppliers will begin providing extension services to grower clients, supported by local consultants as well as interns.**

At least one input supplier based in Mamusha has expressed an interest in providing company extension services. This has been encouraged in our discussions with key Israeli investors. It is likely that these services will be included in the new greenhouse program and supported additionally by Israel MASHAV.

- **At least one seedling producer will begin automated seedling grafting and supply these to the market.**

Nothing to report this quarter.

- **At least one mushroom cultivation farm will begin operation.**

The old mushroom SOE in Kline/Klina is waiting for Dutch investment to catalyze the program. KPEP TA continues to liaise with the company.

- **At least one company will enter commercial sterilized compost production for mushroom production.**

Initial identification of firms has been made and it is likely that Q2 will see some investment in this field in support of new mushroom production.

- **At least 80 new semi-skilled jobs will be created in the mushroom sector.**

There is nothing to report this quarter. Results are pending an investment.

## Additional Achievements

- From December 21 to 25, 2010, we organized a series of visits and five presentations to Kosovo farmers on the green house package offered by Israeli companies through Raiffeisen Bank. Participants included 157 farmers and agriculture input suppliers from the Mamusha, Krusha e Madhe, Ratkoc village, Gjakova/Djakovica, Peja/Pec, Shtime/Stimlje and Viti/Vitina municipalities.
- We also organized a meeting between the Ministry of Economy and Finance and Israeli representatives to discuss the possibility of a VAT (Value Added Tax) exclusion on the green house package. A Ministry of Agriculture representative also met with Israeli company representatives. The Israeli companies' greenhouse package was well accepted by Kosovo farmers. We anticipate the project will initially include ten hectares of tunnel greenhouses.
- Elkos executives held a meeting with the Israeli investors and determined their interest in establishing a large central pack house in the Dukagini region in support of the vegetable producers.



Meeting of Elkos group with Israeli representatives, Peja/Pec, Dec 25, 2010



A presentation on the Israeli greenhouse package project in Mamusha Dec 21, 2010

**Activities Planned for the Next Quarter**

- Kosovo agribusiness stakeholders and farmers to visit Israel.
- Partner with the King Mushroom Company in Joshanica, Klina to launch a mushroom compost manufacture in Kosovo.
- Finalize the greenhouse development activity and realize at least 10Ha of firm orders for plantings in Q2.

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**Agriculture: Fruit and Vegetable****Objective 2: Make collection centers fully operational (New)**

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**Benchmarks**

- **Four KPEP supported pack houses will be fully operational in Year 3.**

All KPEP grants to packhouse have received follow up visits and it has been determined that they will be operational in good time for the season.

- **Extend award to a company to commence construction and installation of cold chambers for four vegetable collection cold chamber stations in Krusha e Madhe, Rogova village, Budisalc and Podujeva.**

These awards are finalized

- **At least 20 pack house employees trained in quality control and handling.**

KPEP supported a cost share business trip to Turkey from November 27 to December 4 2010 for seven clients; four of these clients were Kosovo collection cooling center owners that received awards for cold chamber room installation. Participants visited vegetable pack houses in Mersin and Antalya, the Manier agriculture institute in Adana and a greenhouse cultivation complex in Mersin. Participants gained valuable experience on how to establish and operate a pack house. This trip forms the basis of the training to pack house employees.



Small pack house in Antalya; packaging peppers for export to Germany; December 2010.



Anatolia: Packaging tomatoes by hand for export to Ukraine



Mersin: A 200 employee ILIRI F&V pack house



Antalya: Construction pack house



Kosovo delegation visits Manier Institute booth

- **At least ten pack house representatives and growers attend the Plovdiv Fair agricultural technology trade show in Bulgaria.**

This fair will be in Q2

- **At least one commercial apple storage facility established to serve the needs of at least 20 ha of production.**

Identification of storage facility still in process.

#### **Activities Planned for the Next Quarter**

- Continue negotiations to determine location and select a company to establish a central apple storage facility in Kosovo.
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#### **Agriculture: Fruit and Vegetable**

#### **Objective 3: Improve and expand vegetable processing capacity and technology (Ongoing)**

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#### **Benchmarks**

- **Increase in vegetable processing capacity under HACCP certified conditions will lead to increased export sales of at least 500 MT of processed produce.**

Nothing to report this quarter. Results will accrue in Q3 and Q4

- **At least one new processor achieves HACCP certification.**

We advised four companies on pre HACCP floor layout for their facilities. HOSA FRESH (Switzerland – Kosovo), a new foreign direct investor in vegetable processing will finalize its investment (with KPEP technical support) in a new processing unit.

- **Edona (Switzerland – Kosovo), a new foreign direct investor in vegetable processing will complete its investment with KPEP technical support in a new processing unit.**

Achieved.

### Additional Achievements

- KPEP established a connection between HOSA FRESH and the BAGA FOOD company in Bitola, Macedonia for the creation of a new vegetable processing line at a HOSA FRESH location in Rogova's Gjakova/Djakovica village.
- We awarded, delivered and installed a pasteurizer that improves vegetable processing capacities to the ASK FOODS vegetable processing line in Gjilan/Gnjilane. This will have a significant impact on exports of processed peppers particularly.



ASK FOODS Gjilan/Gnjilane, processes first 200MT of peppers for AJVAR



ASK FOODS receives pasteurizer from KPEP in December 2010

### Challenges

- We found it challenging to identify a vegetable processing line manufacturer that supplied processing lines and at the same offered training on vegetable processing.

### Activities Planned for the Next Quarter

- Research and identify vegetable processing manufacturers in the region in order to establish a vegetable processing factory for HOSA FRESH as quickly as possible.

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**Agriculture: Fruit and Vegetable****Objective 4: Expand existing markets and penetrate new markets (Ongoing)**

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**Benchmarks****Kosovo vegetable producers will:**

- **Export to at least one new market.**
- **Export at least one new crop for the existing export market.**
- **Provide the domestic market with at least two new products.**
- **Export at least 300 MT of the Cecei pepper variety (tested in a 2010 test trial in Kosovo) to Switzerland.**
- **Promote Cila and Abide pepper variety for export to EU countries.**
- **Achieve at least 4000 MT in export vegetable sales.**
- **Achieve at least €1.2 million in export sales of vegetables.**

Since all of the benchmarks under Objective 4 are export orientated, performance will only be realized during Q's 3 and 4

**Additional Achievements**

- KPEP visited the Antalya Growtech Fair and vegetable pack houses with a group of Kosovo agribusiness stakeholders. We identified small pack house operations in Antalya that can serve as a model for Kosovo collection cooling centers that prepare vegetables for export. We established linkages with several companies, including a vegetable cardboard box manufacturer.

**Activities Planned for the Next Quarter**

- Organize the Fruit and Vegetable Annual Conference.

- Work with farmer associations and commercial farmers to implement new pepper hybrid varieties cultivated in the open field and in greenhouses dedicated for export.
  - Visit the Berlin Fruit Logistica Fair with KPEP clients in February 2011.
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## **Agriculture: Fruit and Vegetable**

### **Objective 5: Improve business practices of farmer associations (BSS new activity)**

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#### **Benchmarks**

- **At least five fruit and vegetable associations will have improved organizational structures in accordance with the Cooperative Law.**

Nothing to report this quarter - associations will be supported in Q2 for this action.

- **Integrate vegetable associations into the ADI survey and analyze their effectiveness**

Work in progress - nothing to report this Q.

## ***Agriculture: Non Wood Forest Products***

	<b>SAF Budget Estimate</b>	<b>International STTA</b>	<b>Local STTA</b>
	\$170,000	24 days	90 days
Committed this quarter	\$100,588	0	0
Total committed to date	<b>\$100,588</b>	0	0

### **Non Wood Forest Products**

#### **Objective 1: Increase capacities by improved collection, processing and marketing (Ongoing)**

#### **Benchmarks**

- **At least three new firms will acquire HACCP certification**

This quarter, we selected MD and Sigma, two local companies, to implement the HACCP food quality standard. We have visited five companies that could receive the certification in order to review their overall situation, equipment, facilities and time frame prior to embarking on the HACCP certification process.

- **At least three new firms will acquire organic certification**
- There is nothing to report this quarter.
- **At least 500 new collectors will receive training on good collection practices**
- There is nothing to report this quarter.

- **Sales of NWFP will increase by at least 40% over 2010 levels**

We have witnessed a 15% increase in sales compared to last quarter as a result of enhanced export market requirements. EuroFruti and AgroProduct Syne signed sales contracts with approximate value of 300,000 EUR with Austrian and Swiss buyers.

- **At least three new retail brands enter the market**
- There is nothing to report this quarter.

### Activities Planned for the Next Quarter

- Partner with GIZ (German) and SDHP (Swiss and Danish) to organize a round table meeting with sector stakeholders, including MAFRD, University of Pristina, Forest Agency, IPAK, customs, bank and MFI representatives. The aim of the meeting is to discuss possible areas for collaboration and to develop synergies to rapidly expand the performance of the sector.



Variety of medicinal and culinary herbs collected and treated by HIT Flore from Dragash

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## Non Wood Forest Products

### Objective 2: Improve linkage to international markets (Ongoing)

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#### Benchmarks

- **At least three new marketing plans adopted and implemented by lead firms.**
  - This activity is still in progress.
- **NWFP firms participate in at least two trade fairs**
  - No activity this quarter.
- **Kosovo exports NWFP to at least two new markets**

AgroProdukt –Syne (APS), one of Kosovo’s most prominent NWFP companies has signed an initial €50,000 contract with Germany’s Veleda to supply wild leaf and cultivated herbs.

AgroProdukt –Syne (APS) anticipates that the size of the contract will increase in the future. The company has also signed a €10,000 contract with Austria’s Sonnen Tor, for the supply of cultivated herbs. This contract is also expected to increase. The Kosovo Exports Association has bestowed APS with its Best Sector Export Company award as a result of these increased exports.



Cultivated herb products by the Agroproduct Syne Company in Istog

### Activities Planned for the Next Quarter

- Actively participate in the Nuremberg Biofach Agriculture Fair in February 2011 in conjunction with GIZ support to enhance the synergy in the sector between donors.
- 

### Non Wood Forest Products

#### Objective 3: Identify new product/market opportunities (Ongoing)

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### Benchmarks

- **At least 50 MT of wild harvest chestnuts exported**
- KPEP contacted twelve different trading chestnut companies, six in Germany and six in Switzerland, to (1) inform them about organic chestnut resources in Kosovo and to (2) build possible business linkages. Agroprodukt Syne (APS) met with Sandro Vanini's Pascale Severac Company, who expressed an interest in peeled chestnuts. As a result of this market development APS is actively seeking ways to process wild harvest chestnuts as peeled product for the next autumn harvest.



Wild edible chestnut collected by Agroproduct Syne in Istog

- **At least one value added market opportunity and action plan completed and implemented as necessary**
- Rugova Cooperative began packaging and labelling fresh and frozen wild blueberries, wild blackberries and cultivated strawberries. The company is introducing its products to the local market via supermarket chains.



Rugova company, packing of blueberry.



Value added activity to the collected berries.

### Activities Planned for the Next Quarter

- Conduct more extensive research on the international market for chestnuts.
- Cultivate more contacts and build more linkages between local and international chestnut companies.

**Forestry: Forests**

	<b>SAF Budget Estimate</b>	<b>International STTA</b>	<b>Local STTA</b>
	\$25,000	30 days	25 days
Committed this quarter	\$19,800		
Total committed to date	\$19,800		

**Forestry: Forests**

**Objective 1: Forest certification through Forest Stewardship Council (Ongoing)**

**Benchmarks**

- **FSC will approve the Kosovo Standards for forest management**

The standards development group application for accreditation of the FSC standard for Kosovo is currently under review at the FSC International Centre Policy and Standard unit. KPEP received this information from FSC International on December 6, 2010 as a response to our request for the current status of SDG application submitted on September 16, 2010. KPEP shared this update with all members of the SDG and the consultative forum.

- **At least three targeted training events conducted at local/community levels for the implementation of the FSC approved standard**

KPEP conducted one out of three planned training events in Dragash/Dragas municipality with all relevant local governmental and non-governmental stakeholders interested in forestry. The training was an opportunity for key stakeholders to understand the development process of the FSC standard. The session also shed light on FSC requirements that must be applied in forest

management operations, benefits of FSC certification and the challenges that Kosovo faces to achieve preconditions for forest management certification.



Training at local/community level for the FSC development process and the FSC requirements

- **At least one training event for MAFRD staff on requirements for oversight of new Forest Standard.**

Nothing to report in this quarter

- **Kosovo-specific CoC guide developed and distributed.**

Nothing to report in this quarter

- **At least two professionals trained in Kosovo CoC application.**

Nothing to report in this quarter

- **Kacanik and Dragash/Dragas complete first forest standard audits.**

Nothing to report in this quarter

- **School essay competition completed.**

Nothing to report in this quarter

### **Additional Achievements**

- KPEP engaged the Natural Resources Solution Company to conduct an assessment of ten sample plots in oak, beech and spruce forests in five selected municipalities: Istog, Suha Reka, Dragash/Dragas, Kacanik/Kacanik and Novoberde/Novo Brdo. The results from the assessment were presented during three workshops in Istog, Suha Reka and Novoberde/Novo Brdo. The participants discussed the findings and offered feedback and recommendations on how to treat certain categories of forests in order to improve overall forest functions and fulfill community needs. Output from these workshops is incorporated into the draft administrative direction that will be submitted to MAFRD's Forestry Department for further processing and approval in order to regulate treatment of this category of forests.



Field visit Testing plot Novoberde/Novo Brdo pre-commercial thinning

- KPEP continued to share achievements on the FSC standard development process and forest certification with forestry sector donors, including SIDA, SNV, FAO, the EU and the Finnish

and Norwegian embassies. We also explored opportunities for support to contribute to (1) the improvement of forest management through the implementation of current forest policies and the adoption of new ones and (2) FSC requirements in forest areas foreseen for FM certification. SNV has agreed to co support the activity of forest cleaning as part of the cash for work activity in Northern Kosovo.

### **Challenges**

- Supporting relevant forestry institutions to improve implementation of the current legislation and change their planning and operational procedures according to the FSC requirements while respecting environmental, social and business interests of all interested groups was a challenge this quarter.

### **Activities Planned for the Next Quarter**

- Continue to coordinate the work of the Kosovo Standard Development Group (SDG) in order to complete two years of work on the development and revision process of the FSC standard for Kosovo.
- Organize a training event for MAFRD staff on FSC requirements of accredited FSC standards for Kosovo.
- Adopt a short version of the FSC guide for AWPK members on FSC requirements for CoC certification.
- Continue support the Kosovo Forest Agency and Municipal forest authorities to meet the FSC requirement on management units selected for FSC forest certification.
- Offer technical support to forest authorities in Leposaviq and Zubin Potok to prepare an operation plan for cleaning activities on young stands that require sylviculture treatment of approximately 300 ha as part of the proposed cash for work program.
- Continue donor coordination/synergy development activities in the forest sector.

**Forestry: Wood Processing**

	SAF Budget Estimate	International STTA	Local STTA
	\$322,000	67 days	53 days
Committed this quarter	\$182,100	19 days	5 days
Total committed to date	\$182,100	19 days	5 days

**Forestry: Wood Processing**

**Objective 1: Expand market share and develop new products (Ongoing)**

**Benchmarks**

- **KPEP assisted firms develop at least three new products.**

KPEP assisted several firms to develop marketing plans and new products.

*Djellza Company:* Marketing plan developed; the company specializes in unique upholstery design called “funny furniture”. The company has already identified an Export market and is in the process of exploring new markets. The company developed new furniture designs in cooperation with STTA William Vernon and furniture designer Boyan Grigorov.



Funny chairs, designed by a KPEP advisor prepared for the German market.

*Company Ahikos:* KPEP’s STTA and furniture designer Boyan Grigorov worked closely with

Ahikos to develop an overnight sleeping chair. The product will be on exhibit at Ahikos's show room. KPEP is working on finding export markets for the chair.

KPEP worked with handicraft manufacturers to develop several painted wood products: a traditional three legged seat, a small table and umbrella stand developed by the Hilmi Deva company and presented to the Ambiente Fair in Zagreb, Croatia. KPEP is engaged in other products, including a hand made quilt produced by local manufacturers and delivered to potential buyers in UK



Picture frame and resin product produced by Hilmi Deva, delivered to Ireland



Quilt produced by local hand workers, delivered to UK

KPEP worked with *Elnor*, *Tefik Canga Design* and *Euroart* to prepare products for exhibit at the Ambiente Fair in Zagreb, Croatia. Euroart designed and developed a wall cabinet, Elnor developed a new kern beech chair and Tefik Canga Design produced a new bar chair.

- **Supported firms export new products to at least two new markets.**

KPEP supported exhibition of wood/furniture products at two furniture trade fairs:

**Albrelex/Tirana, Albania:** Ten wood processing companies exhibited their products at traditional furniture fair in Tirana, Albania. Relevant ministers from both countries participated in the opening ceremony. Companies reported €21,500 in immediate sales and potential contracts valued at approximately €500,000. Exports to Albania during the reported period amounted to €435,000 (*data collected by Kosovo Customs.*)



USAID supported stand in Tirana wood fair



Our client company exhibiting at the fair



Minister Zharku of Kosovo and Minister Meta of Albania at opening ceremony



Women's association exhibiting hand crafted products



Establishing business contacts

**Ambienta Fair in Zagreb, Croatia:** This event was the ideal opportunity for Kosovo products to become internationally recognized. Kosovo exhibitors (five AWPK members) had the chance to compare their products to those of regional and international manufacturers of wood products. This has led to increased competitiveness of locally manufactured products. The fair attracted an

exceptionally high number of visitors. Kosovo’s exhibitors welcomed visits from furniture traders, agents, designers and individuals; a total of nine wood processors exhibited their products at Ambianta under a common brand, **“Made by Young Europeans”**.

The Croatian Wood Processing Association met with AWPK and showed interest in sharing its experience in developing the wood industry. *Drvo je Prvo* (Wood is First) is a Croatian programme designed to enhance the competitiveness of the wood industry in Croatia. AWPK will follow up with opportunities for potential cooperation. Kosovo companies Gacaferi and Mobilieria Djellza have already developed an agreement with a Croatian furniture trader to exhibit their products in furniture show rooms in Rijeka and Split. Elnor negotiated a contract for exports of wooden chairs to the Slovenian market.



Stand layout plan prepared before the event



AWPK stand during the fair



Our stand, which included companies under one umbrella “Made by The Young Europeans”



Painted handicrafts



Gacaferi's stand selected as one of the best presentations in the fair

Gacaferi Stand

- **Sales and furniture design interns are placed in at least three firms.**
  - Planned for the second quarter
  - 14 interns received full time employment and 16 interns received certificates following the wood industry internship.
  
- **National furniture design competition increases understanding and awareness of the importance of design capacity in the furniture sector as measured by the number of designers employed in the sector.**

This activity, which is part of the internship program, has not yet started.

- **At least one major order placed with local manufacturers from a new institutional buyer.**

No activity this quarter.

- **At least 30 carpentry interns placed.**

No activity this quarter.

- **At least 20 marketing and furniture design interns placed.**

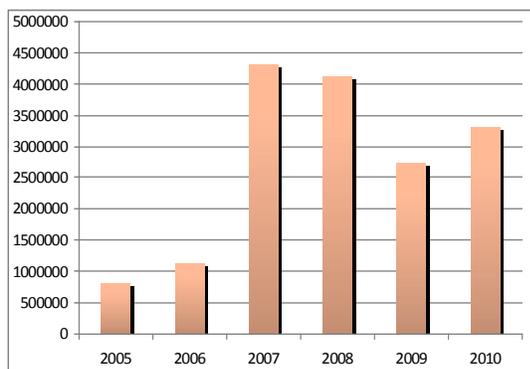
No activity this quarter.

- **Furniture design competition supported by interns attracts more interest as measured by the number of interns engaged in this area.**

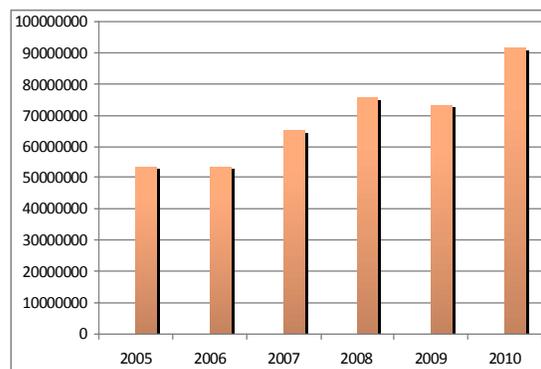
No activity in this quarter.

### Challenges

- Compared with the previous year, exports of wood products, furniture and carpentry products have increased slightly (see figure below). At the same time, imports of the same products have been increased. The increase in imports is a result of the CEFTA agreement and customs tariffs.



Exports of total wood products in recent years. Exports in 2010 have increased by 20% in comparison with 2009



Imports of wood products in recent years

### Activities Planned for the Next Quarter

- Prepare for and participate in the March 2011 Mebel Fair in Skopje, Macedonia.
- Prepare for the April 2011 Furniture Fair in Budva, Montenegro.
- Visit international furniture fairs to gain a better understanding of market trends.
- Start internship program for Marketing and Design personnel.
- Continue to promote a national brand through AWPK

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**Forestry: Wood Processing****Objective 2: Improve production capacity and business practices of wood processing firms (Ongoing)**

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**Benchmarks**

- **At least three firms are able to produce products that meet EN or other internationally recognized standards.**

As a result of our continuous engagement, Elnor received ISO 9001 certification, the International Certification on Quality Management.

- **At least two companies adopt HR training outcomes and modify their HR management practice.**

STTAs Alphie Holland and William Vernon, with support from KPEP staff, held training sessions with Elnor and Tefik Canga Design, two furniture manufacturing companies. Training topics included improving management skills, teamwork, and setting up company vision objectives and strategies. Participants were very enthusiastic about the sessions and were eager to begin implementing necessary changes with the new skills learned. They agreed to hold additional meetings to further refine their strategy before the next session. At total 24 managers and middle managers participated in the training.



Training session at Tefik Canga Design



Training session at Tefik Canga Design

- **Faculty of Applied Sciences develops and adapts curriculum for Design and Wood industry technologies, and wood processing workshop layout.**

In cooperation with the Faculty of Applied Sciences, we selected the implementing partner who will be in charge of (1) developing a curriculum for the new section of the Faculty of Applied Science, Design and Wood industry technologies and (2) preparing the layout for the wood processing workshop. Budget has been extensively reviewed and implementation will be in Q2.

### **Additional Achievements**

- We organized the Wood industry Job Fair; 22 wood processing companies announced approximately 58 job vacancies, including 40 carpentry positions; 100 job seekers were trained on CV writing and interview skills; 171 candidates interviewed; 8 jobseekers received full time employment. KPEP anticipates there will be more placements in the next quarter due to seasonality of hiring.

### **Activities Planned for the Next Quarter**

- HR training with top managers and middle managers at Tefik Canga Design and Elnor.
- Work in close cooperation with AWPK to monitor the process of curriculum development

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**Forestry: Wood Processing****Objective 3: Strengthen the Association of Wood Processors of Kosovo (Ongoing)**

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**Benchmarks**

- **AWPK develops annual strategic plan.**

This activity is still in progress. This quarter, KPEP began providing assistance to the wood processing association developing a strategic plan. We scheduled 15 days of work for the assignment, which we expect to be completed at the beginning of the second quarter. The scope of the assignment included:

- Assessing the environment
- Conducting individual interviews
- Work group sessions at off-site with members
- A development phase

- **AWPK is able to cover at least 50% of the annual cost of implementing the annual strategic plan.**

The new Board of AWPK is committed to increasing member value and this was reflected in the initial board meeting during Q1.

- **Increase in the AWPK Association Development Index score from the current rate 3.1 to 4**

The activity is planned for Q3.

- **Introduce at least one new member service and create a standard payment process for its members**

Together with the international STTA, we developed recommendations to standardize a membership payment and facilitate this process with commercial banks. We also designed an individual membership application for the AWPK association and suggested they diversify their membership classification.

### **Additional Achievements**

- KPEP supported AWPK to compile its annual operational plan. A number of promotional events will be organized by AWPK this coming year to expose Kosovo wood processors to markets in the region. These include the Mebel Fair in Skopje, Macedonia; the Furniture Fair in Budva, Montenegro; the Natyra Fair in Pristina; the Albrelex Fair in Tirana, Albania and the Ambiente Fair in Zagreb, Croatia.

### **Activities Planned for the Next Quarter**

- Support AWPK to implement its annual plan,
  - Marketing and promotional activities, preparation and exhibition in Skopje, Macedonia and Budva, Montenegro Fairs.
  - Support AWPK to develop and implement internship program for Marketing and Design personnel.
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## **Forestry: Wood Processing**

### **Objective 4: Promote use of biomass as an alternative energy source (Ongoing)**

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#### **Benchmarks**

- **At least two biomass-producing firms increase production capacity**

As a result of KPEP intervention, the Leposavic/Leposaviq-based MV Lesak Company increased its briquette manufacturing capacities by 200%. KPEP also helped to establish business linkages between several briquette manufacturing companies and traders.

**Additional Achievements**

The biomass study we produced in the last reporting year was translated into Albanian and delivered to a number of local companies interested in investing in the use of biomass as a resource. Three new companies have demonstrated interest in investing in this area.

**Challenges**

- Though we have witnessed increased demand by client companies to support investment of biomass usage, our budget constraints do not allow us to fulfill this demand. KPEP will be using the derived demand to stimulate investment using alternative funds from World Bank and other interested donors.

**Activities Planned for the Next Quarter**

- Continue the promotion of biomass usage and stimulate the interest in investment in this sector by other donors and financial institutions.

**Construction: Road**

	<b>SAF Budget Estimate</b>	<b>International STTA</b>	<b>Local STTA</b>
	\$274,000	50 days	0 days
Committed this quarter	\$260,810		
Total committed to date	\$260,810		

**Construction: Road**

**Objective 1: Improve local road design capability (Ongoing)**

**Benchmarks**

- **Government (MTT) officials trained how to pursue and conduct contractual and supervisory procedures for road design according to international practices, including:**

- Using model RFP/Contract for design engineering services, both preliminary design and detailed engineering design.
- Using model RFP/Contract for construction.
- Using model RFP/Contract for engineering supervision work.

We anticipate that the benchmarks for this activity will be accomplished with the Pilot Road Project. The launch of the Pilot Road Project has been postponed until the new Kosovo new government is established.

- **A certification/specialization program on road design and construction supervision is made available to Kosovo engineers and delivered to:**

- **At least 25 Road Design and Road Construction – Graduate Engineers.**
- **At least five technical government staff (MTT).**

- **At least ten post-graduate students from the Faculty of Civil Engineering.**

Preparations for certification/specialization course are ongoing. We expect the course begin in Q2.

### **Challenges**

- The Pilot Road Project is on hold until Kosovo's new government is established. Potential changes in GoK priorities and possible budget constrains could put the Pilot Road Project in jeopardy.

### **Activities Planned for the Next Quarter**

- We have developed the certification course on Road Design, which is scheduled to take place in Q2 .

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### **Construction: Road**

#### **Objective 2: Upgrade skills of construction workers (Ongoing)**

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### **Benchmarks**

- **HEOTC site and partnerships established.**

This has been achieved by finally selecting the KEK training center (KTC) as the site for this training activity. Budget has been finalized and high level support received from KEK management.

- **HEOTC established as an ultimately self-sustaining entity.**

Budget development indicates that costing for the training will be within the parameters initially determined for cost to users. This cost has been shown to be appropriate for a self sustaining entity at KTC.

- **At least two new HEOTC courses completed.**

This quarter, KPEP explored all possibilities of establishing a permanent and self-sustainable Heavy Equipment Operator Training Center. Training will likely start with a training of trainers in late Q2.

- **Accreditation of the KEK Training Center (TC) to provide internationally recognized training.**

Negotiation with service provider HeviCert is underway and the outcome will produce a training with the potential for European recognition. Final details of the recognition parameters will be realized in Q2.

- **Certification of at least 15 welders to higher grades.**

Portugal's ISQ completed the first phase of the project. The company delivered a comprehensive report of findings and recommendations on how to support KEK TC accreditation for providing internationally recognized Welders certification and approvals.

To address Kosovo's immediate demand and achieve the objectives of the project, KPEP decided to support the first recommendation, to support KEK TC to take the necessary steps toward accreditation by developing the institutional capacity to gain adequate expertise to issue welders approvals. Training will begin in Q2 and full welders certification and accreditation of the KTC welders training will be complete by Q4 as anticipated.

### **Additional Achievements**

- KEK TC agreed to cover the expenses of activity 2.1.4 proposed by ISQ. The activity seeks to oversee KEK TC's activities to perform as a Welders Approval Body.

## Challenges

- Due to budget constrains, KPEP could not support ISQ's second recommendation, to implement the EWF welders training syllabus and to reach the ATB status according to EWF standards.

## Activities Planned for the Next Quarter

- Sign contract with ISQ Portugal to implement the second phase.
- The implementation of the second phase will commence in Q2.
- In close cooperation with KEK TC, monitor training materials and training delivery.

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## Construction: Road

### Objective 3: Promote employment in road construction industry (New)

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## Benchmarks

- **At least one construction sector job fair completed.**

We interviewed twelve construction companies regarding their interest in participating and hire qualified candidates at the Construction Job Fair.

- **At least 25 university students engaged in internships**
- **At least 30 interns placed in the sector (up from 11 in Year 2).**
- **At least 15 candidates provided with full-time direct employment placement from job fairs.**

All the above will be conducted during Q2 and Q3

## Challenges

- Construction Companies were not interested in participating in the Construction Job Fair. As a result we will postpone Job Fair activity until the second quarter should interest be determined.

**Activities Planned for the Next Quarter**

- Conduct a second round of interviews on the interest of companies in attending the Construction Job Fair. If there is a lack of interest, the activity will be cancelled.
- In cooperation with RCAK, initiate the construction internship program.

**Construction: Materials**

	SAF Budget Estimate	International STTA	Local STTA
	\$180,000	35 days	20 days
Committed this quarter	\$109,747		
Total committed to date	\$109,747		

**Construction: Materials****Objective 1: Improve architectural design and engineering services (Ongoing)****Benchmarks**

- **Establish a system for the professional licensing of architects and engineers by early December of 2010.**

MESP has faced significant challenges to effectively work with the WG. The MESP will need to put forth a greater effort to establish the system in the first half of 2011. Considerable progress has been made to finalize the legislation portion of the process. With KPEP engagement, the WG prepared a new Administrative Instruction that will hopefully soon become part of the existing construction law. The new bylaw outlines all procedures to create and manage a professional examination and licensing process for architects and engineers.

The specific documentation required will include the following:

- ***Develop a legislative instrument required to establish (and to define the role of) Boards to administer the professional examination process for each profession (Architects and Engineers)***

The legislative instrument is complete. The WG unanimously agreed on the final revised Administrative Instruction for professional examination and licensing. The bylaw is now subject to legal and language review and ministerial approval. The Chairman of the Working Group confirmed that he would undertake the necessary formal process. The following still require development.

- ***Documents establishing the procedures for the examinations (documentary administration and examination tribunals);***
- ***Documents establishing the principles of the examinations for each profession;***
- ***Documents establishing the draft examinations;***
- ***The legislative instrument required to establish or re-establish the respective professional chambers;***

The Administrative Instruction approved within the WG has already includes the articles that regulate procedures on the creation of the two new Chambers.

- ***By-laws and operational rules to be adopted by the governing body of each professional chamber (including membership criteria, professional discipline, administration, subscriptions and so on);***
- ***In due course, the legislative instrument is required in order to transfer the functions of the Boards to their respective professional chambers.***

Chairman of the MESP WG Servet Spahiu declared that the WG's Administrative Instruction developed through the course of numerous discussions between WG members and the KPEP advisor resulted in an original bylaw. This is an important achievement, since according to MESP officials, many Administrative Instructions that were recently prepared were complete copies of other countries' bylaws. Every country has different circumstances and Legislative Instruments that aim to solve specific issues. This is a good example of how MESP and KPEP cooperation can lead to a good legislation document that will establish an appropriate professional licensing system for Kosovo.

- **A sustainable and fair system for professional licensing of architects and engineers**

During implementation of the Administrative Instruction, KPEP will observe and offer advice to MESP in order to secure a fair and sustainable system with specific reference to timing of implementation as well as the costs of such licensing.

**Challenges**

- Working to support MESP and reach the 2010 objective deadline was impossible given the unforeseen hiatus in government. KPEP initiated the majority of WG meetings in 2010. Progress depended largely on MESP officials, since they are the main stakeholders in this project. Work progressed smoothly when KPEP managed to mobilize support within the MESP hierarchy.

**Activities Planned for the Next Quarter**

- Once the Minister formally signs WG's Administrative Instruction, KPEP will continue to support MESP to implement the bylaw.
- We expect the Administrative Instruction to be signed by the end of January. We no longer expect implementation delays related to the re-establishment of the Government.
- KPEP's STTA will prepare a business plan for the implementation phase. The plan aims to encourage potential donors to support the implementation of the bylaw. MESP will fund part of the implementation phase costs, however the MESP budget is insufficient to cover all costs of the system implementation.
- MESP will undertake system implementation as outlined by KPEP's business plan.

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**Construction: Materials****Objective 2: Assist selected building materials manufacturers to be more competitive in meeting local, regional and international demand (Ongoing)**

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**Benchmarks**

- **At least five manufacturers use KPEP assistance to grow and become more competitive in the market.**

Approximately nine building materials manufacturers currently receive KPEP assistance in the form of (1) manufacturer's business observation visits and consulting advice (2) investment cost sharing grants (3) researching industry trends and familiarizing government institutions on the main problems facing the construction materials industry.

- **At least three firms develop new markets as a result of applying international production standards to their manufacturing processes.**

International standards will begin to be applied to tile manufacturers and to a PE pipe manufacturer during Q2 and Q3.

- **Three locally manufactured building products received international certification.**

KPEP continues to encourage building materials manufacturers in Kosovo to buy products that carry Kosovo's European harmonized standards adopted by the Ministry of Trade and Industry for their quality and marketing product needs. The first step toward product certification is to ensure that it complies with the EN standards. Though a number of manufacturers already comply with product standards, they have failed to demonstrate this to the markets.

KPEP is working to support the PE plastic pipe factory Ferplast in Ferizaj to certify its water supply piping products. KPEP has identified Slovenia's European Accredited ZAG Institute to offer product

certification services. KPEP will also support international certification for Vinex (a metal processing company from Viti) when it launches its new road guardrails production line.

- **Assisted firms realize an additional € 500,000 in increased sales.**

We expect a €2,000,000 increase in annual sales when Vinex and Brickos finalize their cost shared investments with KPEP in 2011. This is in addition to increased sales envisaged for Ferplast once they receive international certification.

- **20 new jobs created at assisted firms.**

This February, the Viti/Vitina based Vinex expects to launch its newest line for road guard rail production. This activity will create 25 new jobs. KPEP will contribute to this via a 10 % cost share of the investment. To date, no similar product is manufactured in Kosovo.

Beyond the 25 new jobs created, this investment will lead to a new product in the local market, an increase in the company's capacity and a 60% import substitution rate in the metal guardrail market.

KPEP is also joining forces with Brickos on a cost sharing investment to build new tunnel kiln for bricks production. KPEP's 8% cost share in the investment will contribute to increased capacities in the clay construction materials industry. This investment will lead to the creation of 30 new jobs, a 100% increase in clay products production increase and a 6% import substitution rate in the bricks market. The investment will also ensure that the company is more competitive in the market. Brick production in Kosovo fulfills 60% of the country's market demand; Kosovo imports approximately 40% of clay products as bricks and roof tiles from Serbia.

- **At least two firms export a product to a new market.**

No activity reported this Q

## Challenges

- A number of construction materials manufacturers require large investments to increase production, sales, generate new jobs and stay competitive in the local and regional markets. Most owners' investments following privatization included facilities construction. Manufacturers now face difficulties with the cash flow, high interest credit, lack of foreign direct investment and lack of government support.
- KPEP is working with individual companies on the highest priority growth opportunities, including ways to make an impact across the wider value chain in the construction industry.

## Activities Planned for the Next Quarter

- Follow up on the implementation of new investments at Vinex, a metal processing manufacturer and Brickos, a brick manufacturer Brickos. We expect their new production lines will become operational in 2011.
- KPEP will gather clay brick manufacturers to discuss common problems and find ways to decrease operation costs, and the high heavy fuel cost for manufacturers.
- KPEP will support its manufacturing clients to participate in the 10<sup>th</sup> Annual EXPOKOS Construction, Energy, Technique and Furniture Fair in Pristina May 18 – 21 2011.
- Support Rizam Holding, a brick manufacturer in Krushe/Prizren to invest in establishing an internal lab for testing raw materials, technological process and final clay products. We will also support Rizam will be to secure low interest financing to invest in a new roof tile production plant. The planned investment is will cost approximately 12 million Eur. Currently, Kosovo does not produce clay roof tiles. which are imported from neighboring countries.

## **Information Communication Technology (ICT)**

	<b>SAF Budget Estimate</b>	<b>International STTA</b>	<b>Local STTA</b>
	\$242,000	20 days	10 days
Committed this quarter	\$49,900	16.5 days	-
Total committed to date	\$49,900	16.5 days	

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### **ICT**

#### **Objective 1: Promote foreign direct investments in BPO (New)**

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#### **Benchmarks**

- **At least two companies invest in Kosovo's BPO sector, with at least 60 new hires in this subsector. The foreign investment should generate at least \$150,000 worth of IT goods and services procured locally.**

This quarter, KPEP promoted the Kosovo BPO sector as an attractive investment destination to local and international investors. KPEP engaged several IT and BPO companies in Kosovo that are interested in investing in this sector. Two firms with strong business ties to Germany are expected to start piloting BPO operations with German clients in Q2. With respect to international investors, KPEP organized meetings with top executives from leading Indian BPO firms such as Wipro, Aegis, AXA Business Services and NASSCOM, India's premier trade body and the chamber of commerce of the IT-BPO industries representatives. Meetings were conducted by the Deputy Chief of Party and an international STTA from Silicon Valley. KPEP is following up on individual opportunities with interested investors.

- **At least 100 people trained and hired to work as call center agents.**

STIKK started the Call Center Training activity at the end of the first quarter by inviting interested call centers to apply for training with the association. KPEP expects that STIKK will establish the Call Center Training Center in Q2.

- **The Investor Guide (1) promotes Kosovo call centers to entrepreneurs and local and international investors and (2) facilitates the establishment of new call centers. Approximately five existing call centers improve their operations or new investors believe their investment was facilitated as a result of information contained in the guide.**

We used the Investor Guide produced in Q1 to attract FDI from Indian BPOs. IPAK is pleased with the guide and will plan to use it as part of its investment promotion activities. This guide will serve as an essential tool to attract more local and foreign investment in this sector.

### **Additional Achievements**

- KPEP promoted the Kosovo BPO sector to the CEO of one of the largest call centers in Sofia, Bulgaria. KPEP raised awareness about the sector's potential to local investors.

### **Challenges**

- Kosovo's image with foreign investors deteriorated as a result of recent political events and a less than favorable recent World Bank report.

### **Activities Planned for the Next Quarter**

- Call Center Training (Continued)
- Explore BPO Opportunities via Kosovars living abroad (Continued)
- Follow up with Indian investors

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## ICT

### **Objective 2: Improve product offering, sales and marketing of customized IT business solutions and government solutions for the local and regional market (New)**

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#### **Benchmarks**

- 30 local and international companies exhibit at the ICT fair. The event leads to new opportunities for local and international ICT firms to expand their product offerings and outsourcing potential in Kosovo.

No activity in this quarter

- **The activities outlined in this objective should generate 25 new employees and \$200,000 in transactions.**

No activity this quarter.

#### **Additional Achievements**

- KPEP developed a partnership between one of Kosovo's largest ICT firms and a Bulgarian ICT company with a substantial presence in the whole region. The partnership will allow Cactus to (1) expand its product offerings to Kosovo and Albania, and (2) provide a distribution opportunity for its software products in the Bulgarian market. Partnership discussions are underway.

#### **Challenges**

- Previous trade fairs held in Kosovo were unsuccessful; as a result, ICT firms have been reluctant to participate in them.

## Activities Planned for the Next Quarter

- No activities planned
- 

## ICT

### Objective 3: Foster growth of communication technology via regional expansion (Ongoing)

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#### Benchmarks

- **KPEP's contribution to IXP finalized**

KPEP continued to work with all stakeholders to finalize the first Kosovo IXP. KPEP has initiated the procurement for a small portion of the equipment and has convinced CISCO to donate a majority of required equipment; we expect the IXP to be finalized in Q2.

- **TRA assumes leadership of an operational IXP**

TRA plans to hire an IXP Manager who will lead Kosovo IXP operations starting in January 2011.

- **Three local companies obtain ISO 27001, an internationally recognized security certificate that will help local ICT companies compete in local and regional tenders that require IT Internet security services.**

KPEP has decided to postpone this activity due to a low ROI and insufficient demand from the industry.

#### Additional Achievements

- KPEP has worked to secure additional funding for this project from the Royal Norwegian Embassy, CISCO Systems and Packet Clearing House. As a result, we have achieved substantial cost savings without altering the quality of the project.

## Challenges

- Working with multiple donors and stakeholders resulted in a lengthier a decision making process, thus slowing progress.

## Activities Planned for the Next Quarter

- KPEP will work with all stakeholders to finalize the first Kosovo IXP
- 

## ICT

### Objective 4: Strengthening STIKK and developing a long-term strategy for its sustainability (Ongoing)

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## Benchmarks

- **KPEP will assess and quantify the ICT Association's progress to update the Association Development Index (ADI) tool from Year 2. STIKK's ADI index score will increase from 3.1 to 4**

KPEP researched various individual membership models, which we presented to STIKK.

- **KPEP will develop new member services, including individual membership**

KPEP researched various individual membership models, which we presented to STIKK.

- **STIKK will develop a five year strategic and financial sustainability plan**

This quarter, KPEP assisted the ICT association to develop a three-year strategic plan. We scheduled 20 days of work for the assignment, which will be completed at the beginning of Q2. In Q1, KPEP reviewed existing documentation: activity descriptions, financial statements, donor contracts, Board and member statutes and other relevant documents. KPEP also conducted individual interviews with all 15 STIKK members, staff, contractors and partner stakeholders, including government agencies, development agencies/funds and potential members.

- **At least 30 university students recruited and placed in firms**

No activity this quarter.

- **At least 70% of interns hired full-time following graduation**

No activity in this quarter

#### **Additional Achievements**

- KPEP assisted STIKK to research application forms required for individual membership of IT Professionals.

#### **Activities Planned for the Next Quarter**

- Convene a workshop with STIKK members
- Develop a final version of the strategic plan

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### **ICT**

#### **Objective 5: Improve the legal and regulatory environment for the ICT sector (Ongoing)**

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##### **Benchmarks**

- **STIKK employs the analysis in the regional ICT legal and regulatory comparison report and recommendations to improve the legal and regulatory environment for ICT sector competitiveness.**

No activity this quarter.

- **KPEP will assist STIKK to organize its advocacy efforts and to lobby for enhanced competitiveness in the industry.**

No activity this quarter.

**Activities Planned for the Next Quarter**

- KPEP will start working with STIKK to identify the needs of the ICT industry with respect to legal and regulatory reform. KPEP's Business Enabling Environment Team Lead will work closely with STIKK on this objective.

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**ICT****Objective 6: Develop tailored trainings based on the recommendations of the ICT Skills Gap Analysis (Ongoing)**

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**Benchmarks**

- **Develop and deliver training commensurate with the findings of the skills gap analysis.** In Q1, STIKK started to develop a Skills Gap Analysis by compiling a questionnaire for ICT firms and ICT educational institutions.

**Activities Planned for the Next Quarter**

- KPEP will continue to work with STIKK to complete the Skills Gap Analysis.

## Tourism

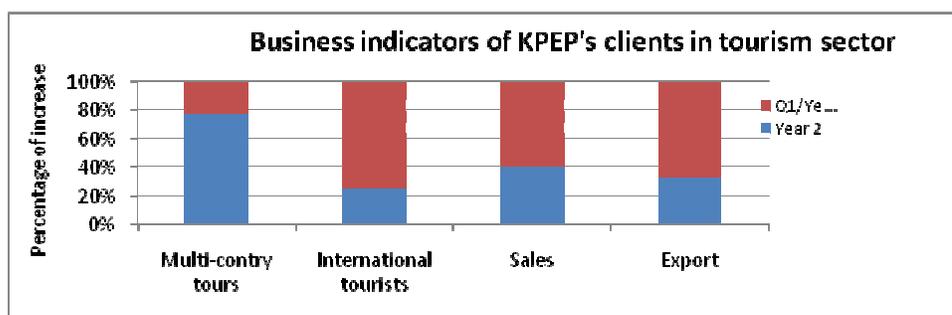
	SAF Budget Estimate	International STTA	Local STTA
	\$208,000	42 days	100 days
Committed this quarter	12,644	42 days	100 days
Total committed to date	12,644	42 days	100 days

### Tourism

#### Objective 1: Improve marketing of Kosovo as a tourist destination (New)

#### Benchmarks

- At least a 50% increase in the number of multi-regional tours and international tourists hosted by KPEP clients.



The number of multi-country and cross-border tours increased to 13 (a 30% increase compared to 10 in Year 2) as a result of KPEP's work with industry related institutions, partners and donors in Kosovo as well as in Albania and Turkey. Our clients hosted 869 international tourists *this quarter alone*, including the local international community and international tourists, compared to 287 in Year 2; 15% of these tourists experienced multi-regional and cross-border tours with 1 to 3 overnights in Kosovo. Brezovica, which was included for the first time in tour offers for the

Albanian market, hosted a group of 16 tourists. This progress reflected an increase in other business indicators for KPEP clients. See graph below:

- Sept 30 – Oct 1: Presentation of Kosovo tourism in Albania and Regional Tourism Forum. The event was organized by the Kosovo Tourism Association (KOTAS) and supported by the Investment Promotion Agency of Kosovo (IPAK). KPEP was one of the 32 exhibitors from Kosovo.
- Oct 8 -10: Informational tour for a group of 44 tourism industry and media representatives from Albania. The event was organized by KOTAS and the Union of Albanian Tour Operators (UATO) and supported by the Albanian Ministry of Tourism, UNDP in North Albania and KPEP. The meeting aimed to explore potential cross-border destinations for the development and promotion of multi-regional and cross-border tourism products.
- Oct 18 – 21: The Izmir Chamber of Commerce (ICC) hosted KOTAS, the Kosovo Chamber of Commerce (KCC) and KPEP representatives on a study trip to Izmir. KCC and ICC signed a second agreement as a follow-on to the initial agreement signed in May 2010 during a FAM trip to Kosovo. The three partners agreed to work together to market and promote Kosovo's tourism in Turkey. KPEP, KOTAS and ICC participants promoted Kosovo tourism on a TV Sky show.
- Dec 9 -12: Travel Turkey Fair in Izmir. KPEP supported KOTAS and KATA on a cost-share basis to participate in the fair and offer tourist packages to its members. KOTAS and the Association of Turkish Travel Agencies (TURSAB) are organizing a FAM Trip for TURSAB's members in Kosovo, to take place next year. The Kosovo Tourism Group working with with a Turkish tour operator on an incentive group visit to Kosovo in February for 30 people.
- **Commitment received for at least one new foreign direct investment in the tourism sector in Kosovo.**

Because the tourism sector was not a priority for the Ankara business forum organized by the Kosovo Chamber of Commerce (KCC) and supported by the Investment Promotion Agency of Kosovo (IPAK), thus KPEP passed on activity as an opportunity for FDI identification. We will explore other opportunities of cooperation with IPAK and other partners with respect to FDI for the tourism sector.

## Additional Achievements

- KPEP continued to support the KosovoGuide portal to (1) improve the user experience and to (2) ensure the financial sustainability of the project. The portal made excellent progress on reorganizing content, improving advertising space and search functionality, search engine optimization, and adding new content. The portal was less successful in securing financial sustainability. We expect the website to be profitable starting next quarter by working to attract third party advertisers, corporate sponsors and paid members, and applying business models based on similar experiences with the ExploringMacedonia portal.
- We found that including tourism in Kosovo's Economic Diplomacy is crucial to improving marketing Kosovo as tourist destination. As a result, we coordinated the following initiatives with the Ministry of Foreign Affairs (MFA):
  - KPEP provided tourism related training topics to the International Business and Tools for Economic Diplomacy Seminar organized by the USAID KMFAS project for Kosovo diplomats and officials.
  - Using their own funds, KOTAS and KATA joined forces with the MFA to participate in a Regional Sustainable Tourism Conference in Tirana organized by the Albanian Ministry of Tourism and Culture and the UNWTO.
  - Kosovo Embassy representatives in Turkey participated in Kosovo's participation in the Travel Turkey Fair in Izmir and promoted Kosovo in media coverage by 12 newspapers and 8 TV stations.
  - Our participation in the Regional Tourism Steering Committee for West Balkan Countries (WBC) facilitated by the Regional Competitiveness Initiative (RCI) allowed us to identify opportunities for cooperation that will strengthen our efforts to promote Kosovo as a tourism destination in the region. We are planning the following follow-on activities:
    - Workshop on Regional Promotional FAM Trips (Feb 2-3, 2011)
    - Regional Tourism Conference (April 7-8, 2011)

- National Geographic GeoTourism regional web site
- OUR PLACE Exhibition
- Airline in-flight magazines.
- KPEP supported a one-day workshop on Global Sustainable Tourism Criteria (GSTC) organized by the Global Sustainable Tourism Alliance, the Regional Competitiveness Initiative, and USAID Washington for representatives of Kosovo's tourism industry. The event gathered key Kosovo tourism thinkers and practitioners to discuss newly developed criteria, market access benefits and other opportunities related to tourism.

### **Challenges**

- Our work on strategic marketing to target specific originating markets (countries) by integrating public-private cooperation and by aligning efforts with other donors did not progress as expected. Delays in re-establishing the Kosovo government following recent elections has affected the work of the Ministry of Trade and Industry (MTI), our key institutional partner. We will work with GTZ to achieve progress on this objective. We anticipate GTZ will be our donor partner in this effort.

### **Activities Planned for the Next Quarter**

- Continue to support Kosovo's Economic Diplomacy initiatives in cooperation with the Ministry of Foreign Affairs by distributing tourism catalogs to Kosovo embassies and launching the tourism portal on embassies' websites.
- Identify opportunities for cooperation with IPAK and other partners specific to attracting FDI in the tourism sector
- Identify opportunities to attend an international trade fair by (1) organizing cooperation between MTI and sector associations and (2) by aligning efforts with GTZ.
- Participate in Regional Promotional FAM Trips workshop and following implementation steps.

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## Tourism

### Objective 2: Develop integrated tourism offers for two destinations (New)

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#### Benchmarks

- At **least** two new wine tourism offers generate international tourist interest and participation.

We set up a task force to implement key recommendations of the Wine Tourism Strategy in the Rahovec/Orahovac Region. The task force includes private, public sector, and civil society (NGO) representatives. for the concept for the Tourist Information Centre (TIC) in Rahovec/Orahovac includes:

- Hotel Plaza committed as a location for the TIC.
- RFP for TIC equipment drafted and will be launched next quarter.
- Confirmed private sector financial contribution and commitment of municipality for TIC staffing; MoU for this PPP will be signed next quarter.
- Conducted Task Force meeting with Tourist Info Center in Peja/Pec to share experiences that will help the Task Force plan the necessary resources for establishing and consolidating the capacities of TIC in Rahovec/Orahovac.
- The Rahovec/Orahovac Municipality Urban Planning Department clarified requirements and guidelines specific signposting; implementation to start next quarter.

- **International study tour conducted**

We developed the World Learning supported study trip to Italy for ten members of the Wine Tourism Task Force. The trip will take place March 14-19, 2011.

- **Increased the number of small businesses involved in tourism in targeted regions.**

Six businesses from Rahovec/Orahovac and one from Gjakova/Djakovica confirmed commitment to participate in wine tourism in the Rahovec/Orahovac region

- **Development of at least two new products through regional offers**

Six municipalities from the Dukagjini Region, including Rahovec/Orahovac signed an MoU during the September 2010 Peja/Pec Street Fair to jointly market the region as a tourism destination. Since then, these municipalities have established the Tourism Regional Board (TRB) and have undertaken an inventory assessment of tourism resources that will allow the board to promote regional offers.

KPEP conducted a session to introduce the fundamentals of Destination Management and Marketing to members of the TRB.

We are in the process of developing a new product on rafting and fishing.

### **Challenges**

- The level of commitment by the Rahovec/Orahovac Municipality to implement key recommendations in the Wine Tourism Strategy Rahovec/Orahovac was lower than expected due to delays in electing a new mayor. As a result, we focused efforts on actions that required more private sector involvement.

### **Activities Planned for the Next Quarter**

- Continue to implement key recommendations of Wine Tourism Strategy in the Rahovec/Orahovac Region.
- Implement World Learning supported study trip to Italy for members of the Wine Tourism Task Force.
- Finalize product development for rafting and fishing and initiate promotion via a regional offer in the Dukagjini region.

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## Tourism

### Objective 3: Strengthen the Kosovo Tourism Association (KOTAS) and the Kosovo Alternative Tourism Association (KATA) (New)

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#### Benchmarks

- **KOTAS's ADI index score will be increased from 2 – 4**

No achievements this quarter. We plan to assess and quantify progress made by Tourism business associations with the Association Development Index (ADI) tool that will begin in the third quarter of Year 3. We will share the results of the ADI with associations.

- **At least one new member service will be developed**

This activity is pending until the strategic plan for the tourism associations, which includes the development of new member services, is completed. We expect to complete this activity by the beginning of the second quarter.

- **KOTAS/KATA will develop a five year strategic and financial sustainability plan**

We began offering assistance to tourism associations to develop a strategic plan. We planned 15 days of work for this assignment, which we expect will be completed by the beginning of the second quarter. The assignment will entail the following activities.

- Assess the environment
- Conduct individual interviews
- Work group sessions at off-site with members
- Development phase

- **Integrate Kosovo Alternative Tourism Association into the ADI survey and compare its level of effectiveness**

We revised and amended the methodology of the Associations Development Index tool. We have integrated the KATA Association into the index.

**Challenges**

- During the course of our work with KOTAS to develop the association's vision, objectives and five-year strategic plan, we found it difficult to gather data as a result of obstacles created by the association's management and the passive involvement of members. As a result, the association did not plan future activities. This will affect achievements against benchmarks in the tourism sector, particularly with respect to ADI increase. We will work to resolve these issues in the next quarter and if unsuccessful, we will discontinue our cooperation with KOTAS.

**Activities Planned for the Next Quarter**

- KOTAS/KATA will develop a five year strategic and financial sustainability plan.
  - Convene a workgroup session with KOTAS Association and provide a first draft version of KATA's strategic plan.
- 

**Tourism****Objective 4: Improve workforce skills in tourism - WfD (New)**

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**Benchmarks**

- **At least ten interns placed in the tourism sector.**
- **At least 30 new full time job placements created via job fairs in this sector.**

We are not planning activities related to this objective until the second quarter.

**Activities Planned for the Next Quarter**

- Launch Tourism Job Fair.

## Recycling

	SAF Budget Estimate	International STTA	Local STTA
	\$75,000	0 days	20 days
Committed this quarter	€17,370/ \$23,862	0	0
Total committed to date	€17,370/ \$23,862	0	0

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## Recycling

### Objective 1: Increase the number of municipalities that have commercial recycling capacities (New)

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#### Benchmarks

- **At least two municipality-based new collection points are established**

We have identified Mercy Corps as a potential donor partner to synergize efforts for establishing new collection points in three municipalities. The project concept in process. We will make the final decision next quarter.

- **At least one paper recycling or processing facility reduces dependence on imported raw materials**

- Grant application received and approved from the AG Group for TA to set up technology for recycling of pulping waste paper. The company is producing hygienic paper products and has invested €120,000 of its own capital into a technology for substituting imported raw material (tissue paper) in amount of €200,000 per year.

- Included to PBMS and anticipated results of this grant activity will be monitored starting from next quarter.

**Additional Achievements**

- Grant application from Grenteh received and approved in Year 2; implementation started this quarter. Seven baling presses for recyclable materials, including PE, have been installed in four collection companies and three informal collectors. KPEP supported the intervention with five presses; while Grenteh procured two.

**Challenges**

- By supporting Grinteh, a company headquartered in Macedonia, we created a strong competitor for KRONI, the local recycling company. We aimed to expand the collection network and increase competitiveness among collectors. Though KRONI was initially frustrated by our strategy, we offered to analyze the marketing 4Ps and value added products that can be produced by existing technology so that business can become profitable and competitive. We await KRONI approach as a result of this intervention.

**Activities Planned for the Next Quarter**

- Finalize the project concept with Mercy Corps and either begin implementation or find other cost-effective opportunities related to municipality-based collection points.
- Monitoring Grinteh and AG Group grant activities.

## Component 2: Business Support Services (BSS)

	SAF Budget Estimate	International STTA	Local STTA
	\$22,000	20 days	25days
Committed this quarter		20 days	10 days
Total committed to date	\$ 15, 000		15 days

### Business Support Services – Stand-alone element

#### Objective 1: Enhance the internal organizational capacity of associations (Ongoing)



Development of Strategic Plan - KATA Association Workshop

In an effort to increase the index rate, KPEP began to support the development of a strategic plan as an important part of running successful associations. This quarter, KPEP started developing a strategic plan for the following associations:

- STIKK - ICT Association
- AWPK –Wood Processing Association
- KOTAS – Tourism Association

- KATA – Tourism Association

The assignment includes 28 days of work and is due to be completed by the beginning of Q2.

- **Established Management Consultant Association that meets ICMCI requirements**

The BAS program, in cooperation the USAID/KPEP project, organized the Introducing CMC in Kosovo Training Cycle event for an initial 20 management consultants who successfully completed training and received certificates.

The Management Consultant Association developed an action plan and identified areas where KPEP can assist.

KPEP began providing assistance the creation and development of the association.

We anticipate the task will be complete by the second quarter.

- Develop a roadmap strategy for Tier 1 Associations and umbrella associations.

This activity is scheduled to take place in the second quarter



**CMC Certification event**



### **Activities Planned for the Next Quarter**

- Increase of the index rate as projected on the ADI Table
- Established Management Consultant Association that meets ICMCI requirements

## Component 3: Business Enabling Environment (BEE)

	SAF Budget Estimate	International STTA	Local STTA
	\$0	0 days	0 days
Committed this quarter	N/A	N/A	N/A
Total committed to date	N/A	N/A	N/A

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### Business Enabling Environment

**Objective 1: Monitor BEE and Kosovo Legislative Strategy for relevant issues. Engage and intervene where appropriate (Ongoing)**

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#### Benchmarks

- **At least one new legislative intervention in support of KPEP sectors investigated.**

Draft Law on Construction – At the end of Year 2, the Draft Law on Construction was near completion and on target for a submission deadline. We met the deadline and delivered the consultant’s final proposed draft of the construction law to USAID. In turn, USAID delivered the proposal to the Office of the Deputy Prime Minister. Unfortunately, we have seen no progress on the law given the institutional vacuum and the dissolution of government.

#### Challenges

- As has been the case for a number of issues where the government should take a lead, progress on this draft law came to a halt due to the dissolution of the GoK and the Assembly of Kosovo.
- Following the adoption of a constitution by the new government however, all laws that had remained pending in the Assembly will be returned to the GoK; thus, there will be an opportunity to rework certain draft laws if the interest arises.

**Activities Planned for the Next Quarter**

- Depending on the next steps taken by the GoK, KPEP BEE will continue to offer support for pieces of legislation relevant to KPEP objectives. KPEP BEE will also intervene and investigate legislation deemed important for KPEP clients.

**Additional Achievements**

- **Manual on Intellectual Property for Kosovo's IT Sector (IPR Manual)**

We have incorporated CLDP's comments and suggestions into the draft manual. KPEP released and distributed during the IPR manual during a reception co-hosted with STIKK on October 26, 2010 at Hotel Afa. The thirty ICT community participants received CD versions and printed copies of the manual. Speakers included the STIKK executive director and board member, a USAID representative and manual's author. CLDP and USAID have each received CD copies of the manual.

**Activities Planned for the Next Quarter**

- KPEP BEE will support the KPEP ICT sector to improve IT legislation that our clients consider to be important.

**Trade Facilitation****Additional Achievements**

- **Trade Facilitation - Establishment of a close cooperation with KBEEP**

This quarter, we became aware of a number of trade related issues and problems for our clients. Potatoes, animal feed, dairy and seedlings face particular challenges, a majority of which are specific to exports and issues with CEFTA implementation (reevaluation of prices, rejection of phyto-sanitary certificates, VAT, etc). KPEP BEE drafted a memorandum submitted to Kosovo's Ministry of Economy and Finance (MEF), Kosovo Customs, USAID, and the Kosovo Chamber of Commerce. MEF informed us that the Prime Minister of Albania received the memorandum.

Because KBEEP works specifically on business legislation issues and is in the process of establishing a GoK Trade Policy Working Group (TPWG), KPEP BEE addressed trade legislation problems and joined forces with KBEEP representatives to speak with KPEP clients about their concerns. KPEP is working with KBEEP to prepare documentation that includes proposals the TPWG can use to address these issues at the state level. KPEP and KBEEP have also drafted an administrative appeal on the revaluation of prices that will be submitted to the Albanian Institutions.

KPEP's hands-on field experience and a large pool of clients and contacts have also proven to be valuable to KBEEP's clients, particularly with respect to BIO licensing and certification and HACCP standards. KPEP BEE established a close cooperation between KPEP specific sectors and KBEEP in this regard.

We have also collaborated with KBEEP on grant applications. KPEP often receives applications from clients whose activities are better suited for KBEEP's program. As a result, we have agreed to serve as an information repository for both KPEP and KBEEP clients, encouraging the development of Kosovo's private sector economy.

In our conversations with various contacts, we discovered there were no comprehensive step-by-step guidelines for opening and registering a business in Kosovo. Since KBEEP has proposed to the GoK a change in legislation for various registrations, KPEP BEE and KBEEP will work together to develop these guidelines. Work on developing these guidelines will begin as soon as the KBEEP proposed changes to the GoK come into effect.

## **Challenges**

- Our main challenge in the course of forging this cooperation was the institutional vacuum created by the dissolution of GoK for nearly three months. This instability has affected the operations of the GoK TPWG, which was created to address trade issues at the state level.
- We continue to be challenged by the fact that certain CEFTA members (mainly Serbia and Bosnia and Herzegovina) do not recognize Kosovo as an independent state, and therefore do not recognize it as an official CEFTA member. .

### **Activities Planned for the Next Quarter**

- KPEP BEE will continue to identify trade related issues that face Kosovo businesses; we will continue to cooperate with KBEEP to improve the trade legal framework. We will also continue cooperation on other points of interest.
- KPEP BEE will join forces with KBEEP to prepare guidelines for opening and registering a business in Kosovo. The timeline for this project will depend on when the GoK will implement KBEEP-proposed changes in legislation.

### **Foreign Direct Investment - FDI**

#### **Additional Achievements**

- **Economic Diplomacy Task Force - Establishment of a close cooperation with DAI**

Seeing that there is an enormous need to attract foreign investment to Kosovo, KPEP BEE partnered with DAI to form an Economic Diplomacy Task Force (EDTF). We asked USAID projects related to FDI, European Commission projects, GoK Ministries and IPAK, to join the group and to combine efforts to promote Kosovo's potential as an investment destination.

During the first meeting, we discussed how each member can contribute and everyone agreed there should be a closer cooperation since all actors in the field have a specific approach and work in different fields of FDI.

As a result, DAI organized Economic Diplomacy Training for Kosovo diplomats working in Kosovo Embassies around the world. The aim of the training was to arm Kosovo diplomats with skills on promoting Kosovo as an FDI destination and promoting Kosovo products in the countries they work. KPEP supported effort by offering two presentations during the training. BEE organized a session on Incoterms and Letters of Credit and the Tourism sector presented a session on Kosovo as a tourist destination. KPEP provided information on (1) certified products from Kosovo that meet international standards and are suitable for export and (2) Greenfield Investment Briefers that were developed by KPEP BEE in Year 2. KPEP materials were included in the study packet for the training.

**Challenges**

- Kosovo's main challenges in attracting FDI include (1) a lack of legislation and (2) the burdensome procedures foreign direct investors face to open and register a business

**Activities Planned for the Next Quarter**

- KPEP will continue as a member of EDTF and will contribute as needed within the scope of KPEP's project objectives.

**Advocacy Strategy****Activities Planned for the Next Quarter**

The Advocacy Strategy developed by KPEP BEE in Year 2 summarizes the concrete steps and procedures that a draft law must pass before it becomes effective and applicable. KPEP BEE will work with KPEP BSS to organize training on Advocacy Strategy for various associations in Kosovo. The sessions will recommend how associations can intervene to make suggestions and/or comments in the draft law relevant to their field of business.

## Component 4: Work Force Development (WFD)

	SAF Budget Estimate	International STTA	Local STTA
	\$394,561	0 days	50days
Committed this quarter	\$315,937		35 days
Total committed to date	\$315,937		35 days

### Work Force Development

**Objective 1: Institutionalize training programs within local workforce development organizations to ensure sustainability (Ongoing)**

#### Benchmarks

**One curriculum proposal prepared and offered to MEST National Council for Curriculum Development.**

**Offer coaching and technical assistance to teachers who will implement the new curriculum at the VTCs and/or VET.**

The above two benchmarks are covered by the following information. An MOU has been signed between Swiss Contact and KPEP to implement the HACCP teacher training program at five Agriculture schools. MEST VET Division approved KPEP and Swiss Contact's initiative to train teachers of 5 agricultural VETs.

**The Banking and Finance training program will be accredited by the EBTN/EFCB and by the University of Pristina's Faculty of Economy.**

The Faculty of Economy's Vice Dean and KBA Executive Director agreed to sign an MOU of cooperation for the European Foundation Certification Banking (EFCB) training program and

accreditation. 36 banking sector experts assigned to prepare questionnaires for eight training modules that require European Banking Training Network (EBTN) certification.

**At least 100 students will be certified with internationally recognized certificates; at least 80 of these will be hired by banking/microfinance institutions**

This activity will occur during Quarter 4.

### **Additional Achievements**

Swiss Contact agreed to cover accommodation costs for 15 teachers who will participate in the HACCP teacher training program.

The Vice-Dean and KBA agreed to explore possibilities for cooperation: faculty professors will be asked to prepare specific training modules and questionnaires; both institutions will subsequently realize the possibility of national accreditation for the EBTN (European Banking Training Network) training modules.

### **Challenges**

The HACCP teacher training program was postponed to Q2 because MEST's VET Division was unresponsive to KPEP requests.

Swiss Contact postponed the process of the MOU revision and signatures.

As a result of a series of misunderstandings between the Faculty of Economy and KBA, KPEP acted quickly to resolve issues on both sides in order to ensure future cooperation.

### **Activities Planned for the Next Quarter**

In close cooperation with Swiss Contact, Danida, NorgesVele and school principals, identify teachers at five Agriculture VETs committed and willing to participate in the HACCP training program.

Ensure that the local STTA assigned to conduct the HACCP training prepares all necessary training materials for teacher training, tests and other materials.

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## Work Force Development

**Objective 2: Assist selected workforce development institutions to better meet the needs of industry; ensure that training is more practical and experience-based (Ongoing)**

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### Benchmarks

- **Internships with public institutions are replicated and expanded in at least one other ministry and with municipalities.**

Six municipalities supported and hosted 40 interns from the Cross Cutting internship program. Ten interns received employment. Additionally the Ministry of Energy and Ministry of Justice hosted interns of the Cross Cutting internship.

- **Industry registers at least 300 interns that are successfully recruited and placed. At least 40% of interns are hired full-time following graduation.**

Both benchmarks are addressed in the following text.

100 students from the Economic Faculty are trained and will be placed as interns in the banking sector during the second quarter.

143 students from the cross cutting internship programs received certificates for internship completion, 61 interns received full time employment with municipalities, companies and ministries.



*Internship certification Ceremony*

- **At least five bi-monthly meetings held with donors on the specific areas of the WFD**  
Four meetings on curriculum development and internship program and VET strategic plan were held with Swiss Contact, UNDP, YEP-USAID, Mercy Corps-USAID, Kosovo Chamber of Commerce, EU SME project, Ministry of Labor, Ministry of Education, Science and Technology, and DANIDA.

- **Additional Achievements**

WUS Austria/Kosovo partnered with KPEP to draft the MOU for internship institutionalization. The MOU will be signed between the University of Pristina, the Chamber of Commerce, KPEP and WUS Austria/Kosovo.

- **Challenges**

Though public institutions, particularly municipalities and ministries cannot hire interns due to budget constraints and procedures, they have expressed an interest in internship programs. The VET Division has not been particularly responsive to donor meetings on the curriculum development and internship institutionalization sub-group.

### **Activities Planned for the Next Quarter**

- On January 27, we will hold the Internship Institutionalization sub-group meeting.
- Monitor placements.

### **Additional Achievements from the Strategic Activity Fund**

- **Training for the textile sector:**

We awarded two grants to two textile companies - KosovoTex and Swiss EU Medical – for a specific training for their future employees.

170 candidates from KosovoTex were trained as tailors.

Five candidates trained as tailors and five candidates from Swiss EU Medical trained as designers.

170 trained candidates receive full time employment.

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## Work Force Development

### Objective 3: Create economic opportunities by enhancing the entrepreneurial skills of young adults (Ongoing)

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#### Benchmarks

- **Entrepreneurship training provided in at least ten new target municipalities.**
- **At least 300 trainees receive tested entrepreneurship training.**
- **At least 125 trainees are recruited to participate in advanced entrepreneurship training.**

The previous three benchmarks will be addressed in Quarter 2.

- **At least 100 youth complete the advanced training program and complete business plans.**
- **At least 40% of business plans are successfully matched with micro-finance resources.**

The previous two benchmarks will be addressed in Quarter 3.

- **At least 50 new jobs are created.**
- **At least 20% of successful entrepreneurs receive follow-on support.**

The previous two benchmarks will be addressed in Quarter 4.

- **Coordination procedures developed with new USAID YEP project.**

BSCK contract signed to implement the second phase of the entrepreneurship training.

BSCK identified partner institutions in ten pre-identified municipalities where the training will be implemented.

- **At least 30 business women trained**

- **Increase sales by up to 10% over Year 2 for business women**

Contract signed with two local STTAs trained by KPEP for this purpose.

STTAs conducted research in three municipalities (Gjakova/Djakovica, Prizren and Gjilan/Gnjilane) to gauge the interest of businesswomen to participate in training.

- **Challenges**

Local STTA (Sabrije Jagxhiu) received full time employment, thus she cannot engage in training for businesswomen.

- **Activities Planned for the Next Quarter**

- Participate in recruiting 300 candidates who will apply for entrepreneurship training.

## Performance Based Management System (PBMS)

### 1. Summary

During the period ending on December 31 2010, KPEP-supported firms achieved significant growth in sales, investment, and full time jobs. The cumulative target increase in sales to date was set at €25.1 million. Cumulative Life of the Project (LOP) increase in sales is €50.8 million, which means that we have already exceeded not only the target increase for year three, but also the target sales increase for the LOP. The main contributors for the increase in sales are the construction sector with 41.5 percent, agriculture with 24.6 percent, and forestry and wood processing with 22.5 percent, while ICT sector contributed with 7.8 percent, with tourism and BSPs sector both with 1.8 percent. During the last quarter alone, there was an increase in sales of €9.0 million. Main contributors to this increase during the last quarter were enterprises in forestry and wood processing sector, having almost half of the increase.

Cumulative LOP investment growth is €17.3 million, already exceeding the Year 3 target of €16 million. The main contributors for the increase in investment are construction sector with 65.9 percent, forestry and wood processing sector with 16.9 percent, and agriculture with 14.8 percent. ICT, tourism and recycling sectors contributed altogether with 2.4 percent.

During the last quarter alone, there was an increase in investment of €2.1 million in all sectors.

Progress to Date Highlights			
	Q1 Y3 Target	Q1 Y3 Actual	Performance Evaluation
Number of business services providers (BSPs)	21	15	
Increase in sales <sup>1</sup> , million Euros	25.1	50.8	
Number of people trained	1,675	4,183	
Increase in investment, million Euros	10.0	17.3	
Increase in exports, million Euros	-	25.4	
Increase in number of full time jobs <sup>2</sup>	2,521	1,865	
Number of enterprises assisted in KPEP database	91	72	

<sup>1</sup> This figure combines sales increase in targeted sectors and BSPs.

<sup>2</sup> This figure combines FTE jobs increase in targeted sectors and BSPs.

KPEP-assisted companies have added 1,865 full time equivalent (FTE) jobs since the beginning of the project. While we are still below our Year 3 target increase of 4,031 FTE jobs, this is a very good result given the seasonal nature of our major sectors (agriculture and construction) and the ongoing effects of the global economic downturn. The KPEP sectors and components account for this as follows: agriculture sector with 37.7 percent, the construction sector with 33.2 percent, forestry and wood processing with 15.1 percent, tourism sector with 4.9 percent, ICT with 4.8 percent, BSPs with 4.1 percent and recycling with 0.1 percent.

During the last quarter alone, there was an increase of 201 FTE jobs in all sectors.

Cumulative LOP data for exports show an increase over the baseline of €25.4 million. The exports/imports coverage ratio for KPEP supported sectors is at 57.2 percent. The Kosovo-wide data show a 14.2 percent exports/imports coverage ratio for the period from October 2010 to December 2010. The main contributors for the increase in exports at KPEP enterprises are agriculture sector with 45.6 percent and construction with 42.1 percent.

Below is the performance of KPEP sectors and sub-sectors for the LOP on the key indicators: sales, exports, jobs and investment.

Sector	Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment
<b>Agriculture</b>		<b>12,505,410</b>	<b>11,575,995</b>	<b>702.61</b>	<b>2,569,656</b>
	Dairy	8,338,040	863,894	191.40	792,439
	Fruits and vegetables	5,433,606	4,401,161	167.08	1,018,817
	Non-wood forest products	(1,413,336)	6,310,940	290.55	758,400
	Poultry meat processing	147,100	-	53.58	-
<b>Construction</b>		<b>21,075,781</b>	<b>10,690,043</b>	<b>619.51</b>	<b>11,428,575</b>
	Construction Materials	2,823,521	39,983	220.11	5,032,363
	Road Construction	18,252,260	10,650,060	399.40	6,396,212
<b>ICT</b>		<b>3,959,922</b>	<b>35,000</b>	<b>89.78</b>	<b>197,771</b>
	ICT	3,959,922	35,000	89.78	197,771
<b>Metal Processing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000</b>
	Metal Processing	-	-	-	15,000
<b>Recycling</b>		<b>28,004</b>	<b>8,151</b>	<b>2.22</b>	<b>1,200</b>
	Recycling	28,004	8,151	2.22	1,200
<b>Tourism</b>		<b>895,686</b>	<b>238,109</b>	<b>92.16</b>	<b>201,521</b>
	Tourism	895,686	238,109	92.16	201,521
<b>Forestry and Wood Processing</b>		<b>11,438,402</b>	<b>2,833,404</b>	<b>281.62</b>	<b>2,928,372</b>

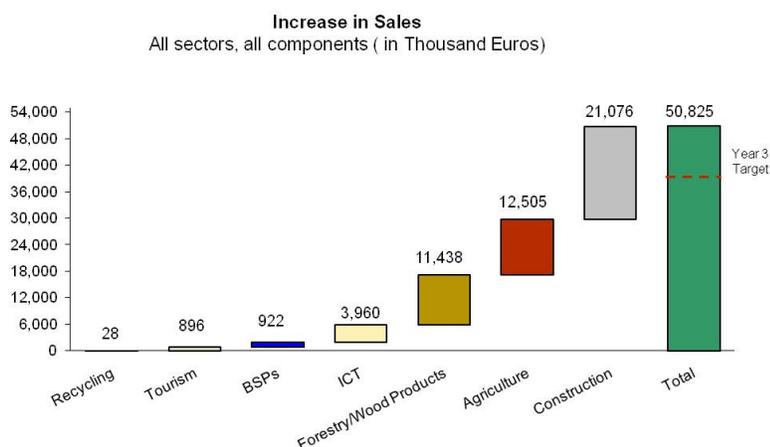
	Wood Processing	11,171,990	2,833,404	249.22	2,622,972
	Forestry	266,412	-	32.40	305,400
<b>BSPs</b>		<b>921,840</b>	<b>-</b>	<b>77.10</b>	<b>-</b>
	Business Service Providers	921,840	-	77.10	-
<b>Grand Total</b>		<b>50,825,045</b>	<b>25,380,702</b>	<b>1,865.00</b>	<b>17,342,095</b>

The distribution of the total number of enterprises by sector is as follows: agriculture sector with 22 enterprises, construction sector with 19 enterprises, forestry and wood processing with 14 enterprises, tourism sector with 10 enterprises, ICT with 5 enterprises and recycling sector with 2 enterprises. There are 15 business service providers in the client database of the component two. Six new companies were added during the last quarter, three in forestry and wood processing sector, two in construction materials sub-sector, and one in dairy sub-sector.

To date, 4,774 people were trained since the start of the project, of which 3,763 were males and 1,011 females. Below is given the number of people trained disaggregated by the type of the training for the LOP:

- 2,437 people participated in KPEP supported presentations
- 1,222 attended trainings,
- 36 participated in the twinning partner training program
- 133 participated in roundtables,
- 685 participated in different workshops,
- 224 participated in conferences organized or supported by KPEP, and
- 7 individuals participated in study trips.
- 30 participated in B2B events organized or supported by KPEP.

During this quarter alone 591 people were trained, of which 365 were male and 226 female.



## 2. Sales

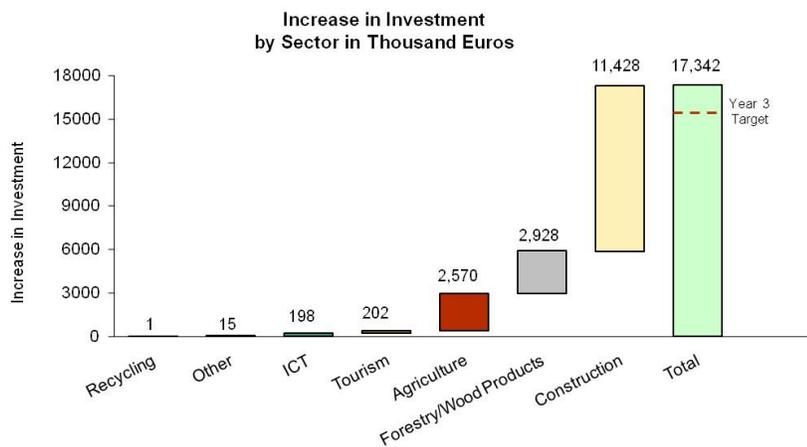
The total increase in sales reached €50.8 million, both in enterprises under component one (agriculture,

construction, forestry and wood products, ICT and tourism sector) and BSPs, under component two. KPEP has achieved a 41.1 percent growth in sales. This is a very positive development considering the global recession. The construction and agriculture sectors are the main contributors to the sales growth.

The main contributors to this increase are companies: Lesna (wood processing sector), Eurokos, Lin project and Eskavatori (construction sector), Abi and Pestova (agriculture sector) and Cactus (ICT sector). These companies are together making 76 percent of the total value of the increase in sales. The increase in sales for the LOP of each of these companies was higher than three million Euros. Other important contributors are: Papenburg & Adriani, Devolli, Eurofood, Bejta Commerce, Graniti and KAG Asphalt each of them having more than one million Euros increase in sales. During this quarter alone, Lesna and Cactus had the highest increase in sales.

### 3. Investment

The total value of investments reached €15.3 million, thus exceeding the Year 2 target of €8 million. The construction sector continues to drive the investment growth among KPEP firms



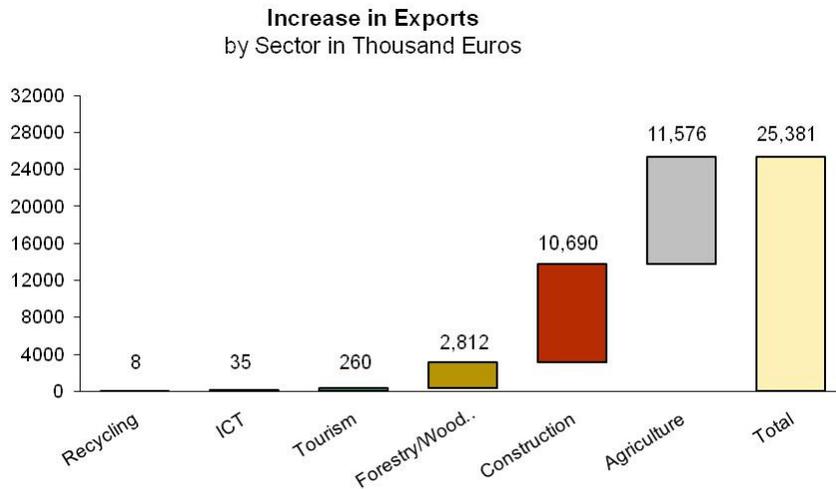
although its share to this growth dropped from 74.6 percent of the project’s total reported increase in investment to 65.9%. This is the result of redirecting the KPEP support from road construction companies to the companies in construction materials sub-sector. However, the investments made by these

companies remained in the sector performance data. Forestry and wood processing sector contributes to the increase in investment by 16.9 percent, while agriculture contributes with 14.8 percent. On the list of top six investing companies (Eskavatori, Renelual Tahiri, Lin Projekt, Fitorja, Papenburg & Adriani and Graniti), all of them are construction firms with more than one million Euros in investment each. In total, 57 companies out of 72 KPEP client enterprises in component one, made investment since the KPEP project started. These companies mainly invested in new equipment. The total value of investment were made in the domestic market.

During this quarter alone, top investing companies are: Tefik Çanga Design, Lesna (both in wood processing) and Pestova.

### Exports

The increase in exports to date for the LOP is €25.4 million. The agriculture sector is the main contributor to the export growth, accounting for 45.6 percent of KPEP enterprises. The construction sector has contributed to this increase with 42.1 percent, and wood and processing sector with 11.2 percent. The share of other sectors is minor.

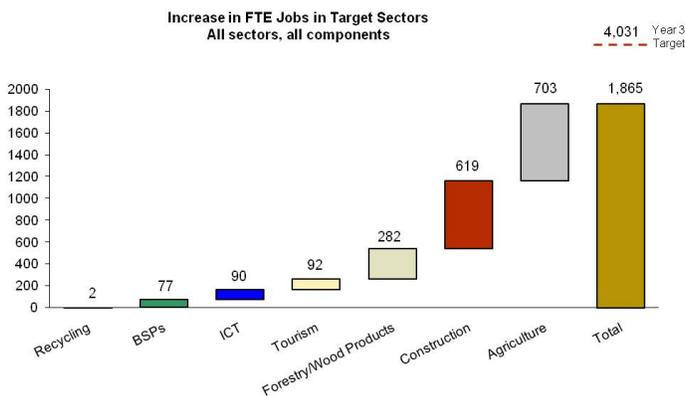


During the last quarter, total value of exports of KPEP supported enterprises in all targeted sectors were 4.4 million Euros while imports were 7.7 million Euros. This provides for an export/import coverage ratio of 57.2 percent for this quarter. The export/import coverage ratio for the LOP is 68%. During

the LOP, exports €27,179,203 while imports were €39,948,135. The main exporting companies during this period are Eurokos, KAG Asphalt, Lesna, Pestova, Hit- Flores, Eurofruti and Agroprodukt Commerce.

### 4. Full Time Jobs

The total LOP increase in FTE jobs is 1,865, of which 1,788 were created in enterprises in component one and 77 in the business service providers of component two. During the last



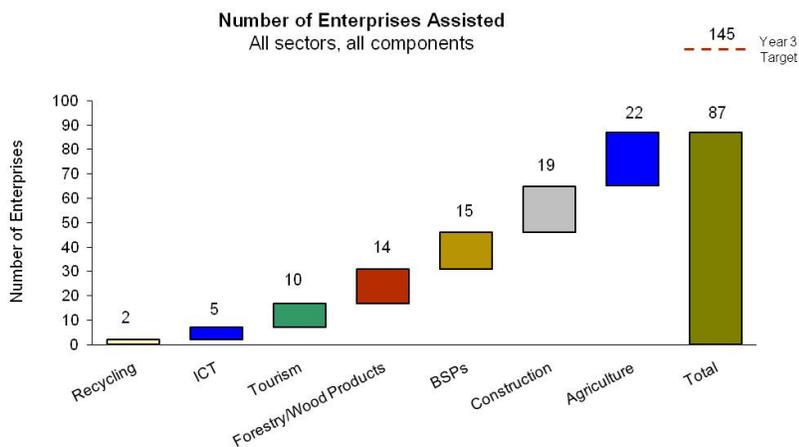
quarter, 198 new FTE jobs were created in enterprises that operate under component one sectors, and three new FTE jobs in component two. The share of the agriculture sector to the LOP increase in FTE jobs is 37.7 percent, construction sector has 33.2 percent share, wood processing and forestry 15.1 percent,

tourism, 4.9 percent, ICT, 4.8 percent, and BSPs, 4.1 percent. The main contributors to this increase are the companies in the construction sector: Bejta Commerce, Lesna, Eskavatori, Pestova, Elnor (wood processing), KAG Asphalt, Devolli, Agroprodukt Syne (NWFP), Cactus and Lin Projekt, each of them having more than 100 FTE jobs increase to date.

BSPs achieved an increase of 77 FTE jobs, a figure that is more than double of the LOP target of 36 FTE jobs for this area.

### 5. Number of Enterprises Assisted

The KPEP client database includes 72 enterprises in component one and 15 enterprises (BSPs) in component two, as of the end of the first quarter of the year three. These are companies that



KPEP has assisted and that have agreed to share their performance data with KPEP (The reach of KPEP in the private sector is much wider than this. KPEP’s activities reach more than 550 companies). In this quarter, Six new companies were added during the last quarter, three in wood processing sub-sector, two

in construction materials sub-sector, and one in dairy sub-sector. From 72 enterprises in the component one, 22 enterprises belong to the agriculture sector, 19 are construction enterprises, and 14 enterprises are in the forestry and wood processing sector, five enterprises are in ICT, ten enterprises belong to the tourism sector, and two to the recycling sector.

### 6. Transactional data

No data were reported during this quarter regarding specific transactions.

## 7. Microenterprises

USAID's economic growth programs in Kosovo are aimed at value chain improvements through greater competitiveness of firms, and their products and services.

Microenterprises have been an important beneficiary of the USG assistance program. Sectors where competitiveness requires product standardization at the producer level, such as dairy programs, have significant results on microenterprises. Mission support has focused on assistance to sectors where a significant number of micro enterprises participate in the value chain, including organizations in agriculture, tourism, ICT and wood products. The mission also supported microenterprise development in addressing cross cutting issues in workforce development, business enabling environment, and business support services. Following is the list of projects that were supported by KPEP and that had microenterprises component:

<b>Project</b>	<b>Sector/Component</b>
IT Solutions for Pattern Production/3d Designing and Visualization Software	Workforce development
Meeting quality standards for export of domestic agricultural products	Agriculture
Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture
Fruit and Vegetable Collection Centers	Agriculture
Training and Internship Program for 100 jobseekers in the field of Accounting and Finance and their placement for the internship	Workforce development
Support of the setting-up technology for recycling of pulping waste	Recycling
Alternative feeding Regime	Tourism
Value Added of Vegetable products through Collection Centre	Agriculture
Establishment of a Collection Center in Rogova Region	Agriculture
Purchase of Wood Chipper Grinding Machine	Wood Products
Transparent Raw Milk Sampling	Agriculture
Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture
Introduction of the technology for sterilization of processed fruits and vegetable	Agriculture
Processing of Non Wood Forest Products	Agriculture
Purchasing and installation of Green House Central Heating	Agriculture

## 8. Women

From the KPEP database:

- ✓ As of December 31, 2010, KPEP clients employ 257 women, out of a total of 1,365 employees, or 19%.
- ✓ The number of women trained through KPEP programs is 1,011 (not including trade fair participation) out of 4,774, or 21%.
- ✓ The number of women that obtained employment through KPEP-initiated training programs, such as internships is 247 out of a total number of 336, or 74%.
- ✓ The number of women provided with services (excluding training) is 484 out of total 1,097, or 44%.

**KPEP places special emphasis on the inclusion and support of women through its activities and programs.**

The task order asks of KPEP to include “men and women in all aspects of the program, including participation in association, stakeholder meetings, and other activities during program implementation.” KPEP should make efforts to “ensure that both genders participate in activities with firms, associations, business services, and workforce activities.”

**Examples of KPEP activities supporting women in business during this quarter include:**

- **Support to Business Associations:** KPEP works closely with the ICT and Wood Processing Associations, which are headed by women. We have provided governance training to the associations, helped them to develop strategic plans, supported them to provide value added services, including trainings and trade show participations
- **KPEP helps women business owners become more successful:** KPEP has previously supported several women consultants through trainings and direct consulting engagements, and this support continued in Quarter 1. In Year 2, KPEP began a businesswomen training program and engaged two local women consultants to support an

expatriate advisor. This year, the two local women are directing the program, in which KPEP has selected 60 women entrepreneurs from three municipalities (Prizren, Gjilan, Gjakova) to be trained and mentored. The program focuses on evaluation of the strengths and weaknesses of the women's' businesses and options to increase growth by improving sales, expanding to additional markets, increasing profitability and developing greater insight into their finances. Additionally, the program aims to improve consulting skills of the local women business consultants.

- **Kosovo Tex Training:** 178 women received training in tailoring and obtained a full time job.
- **Accounting and Financial Internship Program:** Out of the 100 participants who began their internship programs in the financial sector this Quarter, 68 are women.

	Type of Awards	Company Name	Woman Included Name/ Position	Description of the Activity	Total Budget €	Total Budget \$
1	Subcontract	Kosovo Association of Information and Communication Technology (STIKK)	Vjollca Cavolli, Executive Director	Skill Gap Analysis for Information Communication Technology	€ 14,100.00	\$ 19,575.18
2	Subcontract	Kosovo Association of Information and Communication Technology (STIKK)	Vjollca Cavolli, Executive Director	Call Center Training	€ 28,000.00	\$ 38,038.31
3	Grant	Women Business Association - WBA	Olivera Milosevic, Director	Short Term Employment Generation Activity	€ 198,300.00	\$ 257,398.75
4	Grant	FERODA	Merita Osmani, Ejupi, Director	Purchase of Wood Chipper Grinding Machine	€ 31,360.00	\$ 41,519.93
5	Grant	Widows Association Krusha	Pranvera Spahiu, Manager	Better Facilities and Increased Processing Capacities	€ 30,360.00	\$ 40,615.38
				<b>Total</b>	<b>€ 302,120.00</b>	<b>\$ 397,147.55</b>

- PBMS Methodology

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 life of the project (LOP).

- Data collection

The KPEP specialists worked with the client enterprises to establish baseline data. 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.

For enterprises, baseline data includes 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 and performed quality control. After that, the PBMS specialist entered the data into the project's database. The reports produced from the access database and excel spreadsheets are used for inclusion in quarterly reports to USAID.

- 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.

- Data verification

The PBMS specialist conducts 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.

- 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.

## 9. Attribution

The KPEP Attribution Process is a method for assigning results more specifically to KPEP interventions. In the past, KPEP (and KCBS before it) has captured the quarterly revenue, investment, and job data from our client partners and reported it exactly as it is received regardless of the level of assistance provided to that firm. We will continue to report data in this manner. The KPEP Attribution Process will help capture transaction level data and will assign a percentage of quarterly revenue that KPEP can reasonably be responsible for and accountable for. This process will also help calculate a Return on Investment for Component 1 work, enabling management to compare results versus cost across sectors. This exercise will add valuable insight into the effectiveness of our interventions in specific sectors and can inform our future investment decisions.

The steps are as follows:

1. Collect transactional data on an ongoing basis from both KPEP and non-KPEP firms
2. Collect quarterly data from KPEP firms as usual
3. Subtract transactional data from quarterly data for KPEP client firms
4. Assign an attribution percentage (based on guidelines below) to the remaining client sales based on KPEP activities and support. This percentage should be assigned based on activities, regular formal evaluations by the clients as well as informal discussions with the client firms
5. Meet as a team inclusive of USAID and outside perspective to debate and defend assigned percentages, come to consensus and consistency across sectors, and discuss problem areas (cases when sales went down relative to the baseline for example)
6. Report both gross numbers and attributable numbers to USAID
7. Use attributable numbers to calculate rough ROI for internal management purposes

**Scoring:** Sector specialists will assign a ranking for each company in each quarter based on what percentage of the firm's quarterly sales, investment or jobs created KPEP can reasonably take credit for. Scores will be assigned in quartiles 0, 25, 50, 75, or 100%.

<b>Scoring Criteria</b>	
<b>0%</b>	No support was given to the firm in this quarter (includes technical assistance, grants, training, or any activities listed above)
<b>25%</b>	1 medium level activity, or 1-2 low impact activities performed with the client firm having a result on sales, investment or jobs
<b>50%</b>	1 to 2 high level impact activity or 3 or more medium level impact activities (or a combination of low, medium, and high level impact activities)
<b>75%</b>	3 or more high level impact activities (or a combination of activities that includes 2 or more high level and 3 or more medium level activities)
<b>100%</b>	An intensive combination of all levels of activities with a single firm. A 100% ranking should be reserved for only those firms who have received extensive support throughout the reporting period.

**Scoring Guidelines:** List of generic activities with low, medium, and high level impact rankings with respect to sales, investment, and job creation for client firms. These activities are to be viewed as guidelines and Sector Specialists may describe other activities not categorized below in supporting the ranking they assign a client firm.

High Impact	Medium Impact	Low Impact
<ul style="list-style-type: none"> <li>• Buyer meetings/introductions</li> <li>• Buyer – Seller negotiations</li> <li>• New product development</li> <li>• Investor materials/presentations</li> <li>• Internships</li> <li>• Agriculture aggregation</li> <li>• Transport and logistics</li> <li>• Other –describe</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing campaigns</li> <li>• Marketing support</li> <li>• Packaging and branding support</li> <li>• Market research</li> <li>• Advisory services</li> <li>• Study tours</li> <li>• Partnership facilitation</li> <li>• Storage facility construction</li> <li>• Management support</li> <li>• Training</li> <li>• Agronomy/productivity support</li> <li>• Certification training</li> <li>• Certification preparation support</li> <li>• Standards preparation</li> <li>• Other –describe</li> </ul>	<ul style="list-style-type: none"> <li>• Trade fairs</li> <li>• Conferences</li> <li>• Agriculture demonstration plots</li> <li>• Feasibility studies</li> <li>• National strategies</li> <li>• Export plans</li> <li>• Other – describe</li> </ul>

Following are the results on the attribution regarding four main indicators: sales, jobs, exports and investment.

1. KPEP attribution on sales

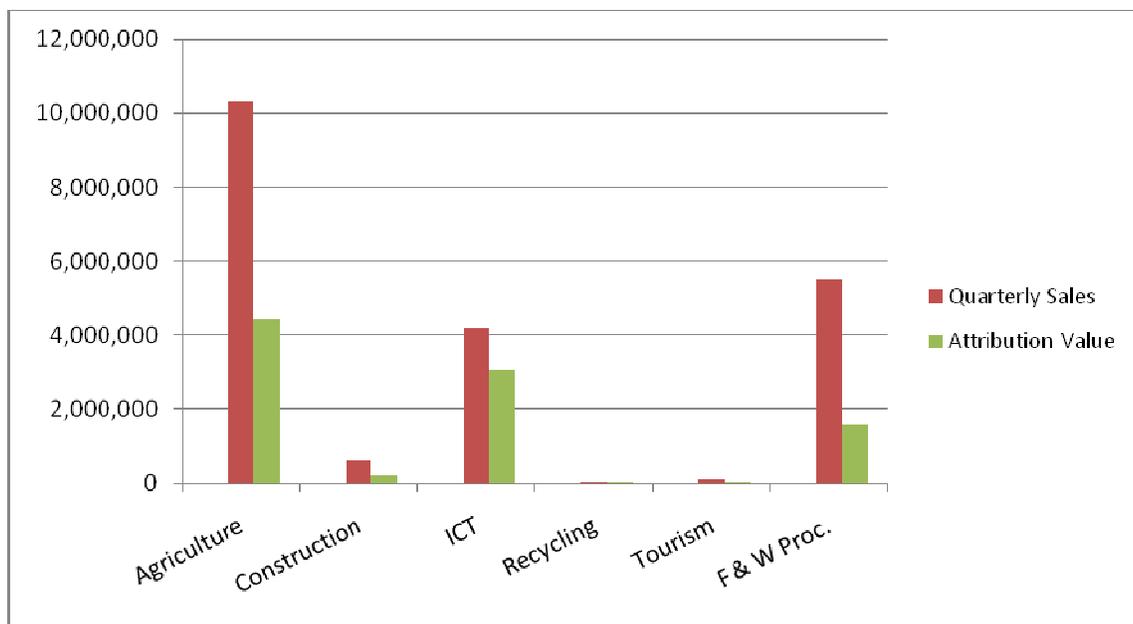
1.1. Total KPEP

Total Quarterly Sales KPEP Firms	€ 20,736,662
Total KPEP Attributable Sales	€ 9,312,409
<b>Attribution % for the quarter</b>	<b>44.9%</b>
Total Quarterly Sales Non-KPEP Firms	€ 0
Total Non-KPEP Attributable Sales	€ 0
<b>Attribution % for the quarter</b>	<b>#DIV/0!</b>
Total Sales	€ 20,736,662
Total KPEP Attributable Sales	€ 9,312,409
<b>Total Quarter Attribution %</b>	<b>44.9%</b>

## 1.2 By sub-sector

<b>Sector</b>	<b>Sub-sector</b>	<b>Quarterly Sales</b>	<b>Attribution Value</b>	<b>% Attribution</b>
<b>Agriculture</b>		<b>10,315,220</b>	<b>4,429,265</b>	<b>42.9%</b>
	Dairy	4,739,336	1,805,698	38.1%
	Fruits and vegetables	4,568,921	2,344,378	51.3%
	Non-wood forest products	897,166	224,291	25.0%
	Poultry meat processing	109,797	54,898	50.0%
<b>Construction</b>		<b>605,925</b>	<b>196,172</b>	<b>32.4%</b>
	Construction Materials	605,925	196,172	32.4%
	Road Construction	-	-	-
<b>ICT</b>		<b>4,190,784</b>	<b>3,054,677</b>	<b>72.9%</b>
	ICT	4,190,784	3,054,677	72.9%
<b>Recycling</b>		<b>14,979</b>	<b>11,234</b>	<b>75.0%</b>
	Recycling	14,979	11,234	75.0%
<b>Tourism</b>		<b>97,184</b>	<b>48,289</b>	<b>49.7%</b>
	Tourism	97,184	48,289	49.7%
<b>Forestry &amp; Wood processing</b>		<b>5,512,570</b>	<b>1,572,773</b>	<b>28.5%</b>
	Wood Processing	5,207,626	1,496,537	28.7%
	Forestry	304,944	76,236	25.0%
<b>Grand Total</b>		<b>20,736,662</b>	<b>9,312,410</b>	<b>44.9%</b>

Of the total value of sales of €20,736,662, KPEP's attribution is €9,312,410 or 44.9% of the total amount of the quarterly sales of the KPEP clients.



2. KPEP attribution on exports

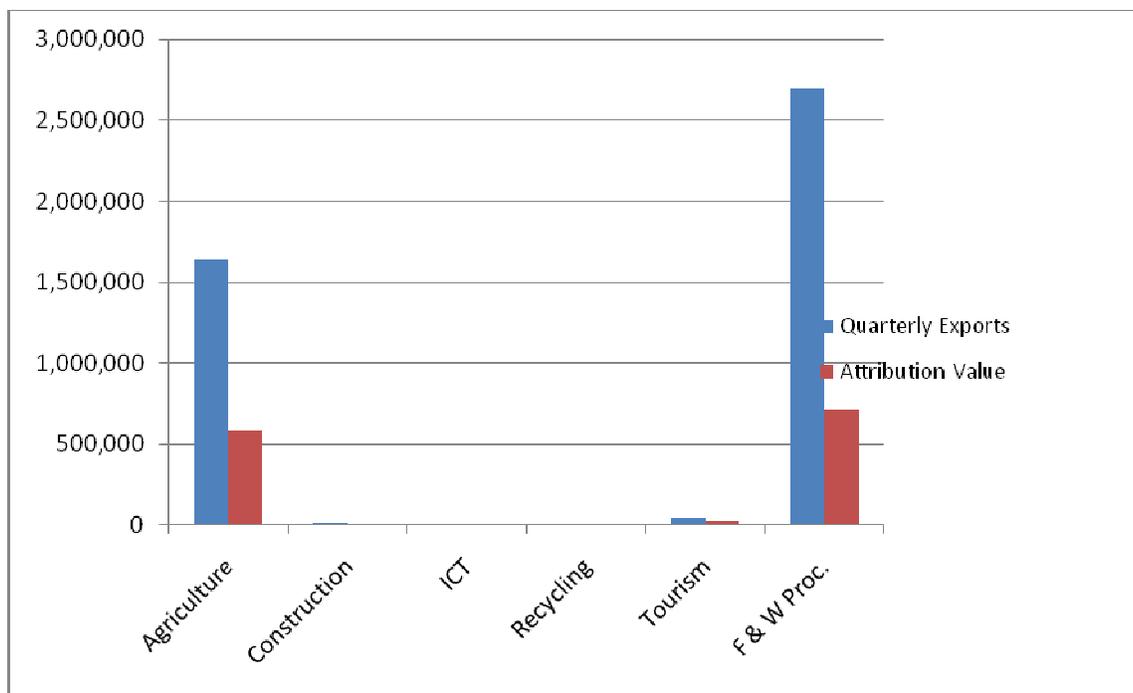
2.1. Total KPEP

Total Quarterly Exports KPEP Firms	€ 4,402,058
Total KPEP Attributable Exports	€ 1,324,816
<b>Attribution % for the quarter</b>	<b>30.1%</b>
Total Quarterly Exports Non-KPEP Firms	€ 0
Total Non-KPEP Attributable Exports	€ 0
<b>Attribution % for the quarter</b>	<b>0%</b>
Total Exports	€ 4,402,058
Total KPEP Attributable Exports	€ 1,324,816
<b>Total Quarter Attribution %</b>	<b>30.1%</b>

## 2.2. By sub-sector

<b>Sub-sector</b>	<b>Quarterly Exports</b>	<b>Attribution Value</b>	<b>% Attribution</b>
<b>Agriculture</b>	<b>1,641,525</b>	<b>577,931</b>	<b>35.2%</b>
Dairy	128,635	64,318	50.0%
Fruits and vegetables	623,724	291,322	46.7%
Non-wood forest products	889,166	222,291	25.0%
Poultry meat processing	-	-	-
<b>Construction</b>	<b>15,312</b>	<b>7,656</b>	<b>50.0%</b>
Construction Materials	15,312	7,656	50.0%
Road Construction	-	-	-
<b>ICT</b>	<b>-</b>	<b>-</b>	<b>-</b>
ICT	-	-	-
<b>Recycling</b>	<b>-</b>	<b>-</b>	<b>-</b>
Recycling	-	-	-
<b>Tourism</b>	<b>47,050</b>	<b>27,047</b>	<b>57.5%-</b>
Tourism	47,050	27,047	57.5%
<b>F &amp; W Proc.</b>	<b>2,698,171</b>	<b>712,183</b>	<b>26.4%</b>
Wood Processing	2,698,171	712,183	26.4%
Forestry	-	-	-
<b>Total</b>	<b>4,402,058</b>	<b>1,324,816</b>	<b>30.1%</b>

Of the total value of exports of €4,402,058, KPEP's attribution is €1,324,816 or 30.1% of the total amount of the quarterly export sales of the KPEP clients.



### 3. KPEP attribution on investment

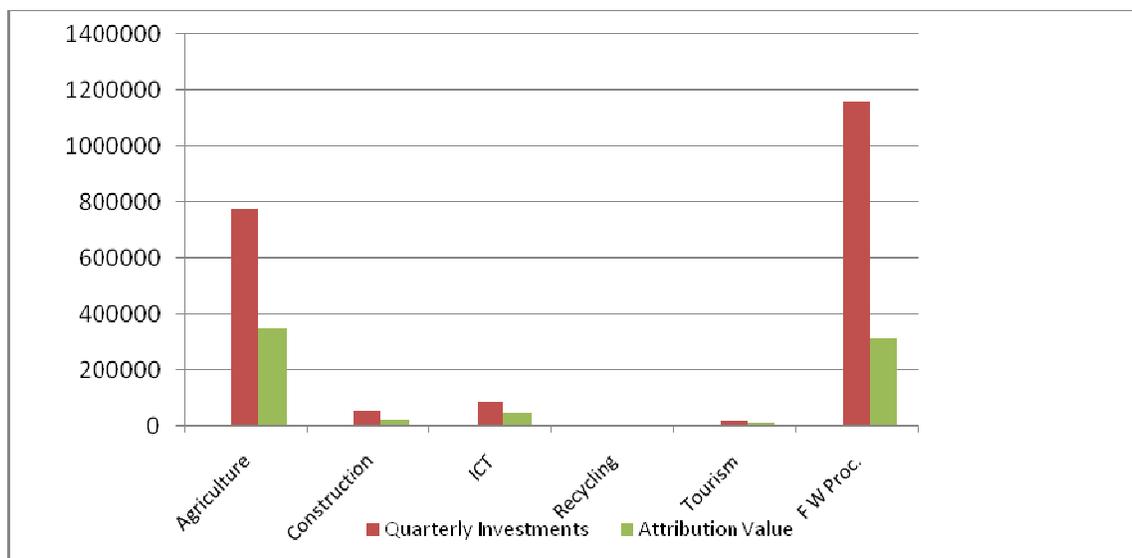
#### 3.1. Total KPEP

Total Quarterly Investment KPEP Firms	€ 2,085,837
Total KPEP Attributable Investment	€ 736,056
<b>Attribution % for the quarter</b>	<b>35.3%</b>
Total Quarterly Investment Non-KPEP Firms	€ 0
Total Non-KPEP Attributable Investment	€ 0
<b>Attribution % for the quarter</b>	<b>0</b>
Total Investment	€ 2,085,837
Total KPEP Attributable Investment	€ 736,056
<b>Total Quarter Attribution %</b>	<b>35.3%</b>

3.2. By sub-sector

<b>Sector</b>	<b>Sub-sector</b>	<b>Quarterly Investments</b>	<b>Attribution Value</b>	<b>% Attribution</b>
<b>Agriculture</b>		<b>776,512</b>	<b>348,181</b>	<b>44.8%</b>
	Dairy	-	-	-
	Fruits and vegetables	636,512	313,181	49.2%
	Non-wood forest products	140,000	35,000	25.0%
	Poultry meat processing	-	-	-
<b>Construction</b>		<b>50,631</b>	<b>18,535</b>	<b>36.6%</b>
	Construction Materials	50,631	18,535	36.6%
	Road Construction	-	-	-
<b>ICT</b>		<b>83,464</b>	<b>48,643</b>	<b>58.3%</b>
	ICT	83,464	48,643	58.3%
<b>Recycling</b>		<b>-</b>	<b>-</b>	<b>-</b>
	Recycling	-	-	-
<b>Tourism</b>		<b>15,830</b>	<b>8,598</b>	<b>54.3%</b>
	Tourism	15,830	8,598	54.3%
<b>F W Proc.</b>		<b>1,159,400</b>	<b>312,100</b>	<b>26.9%</b>
	Wood Processing	1,062,000	287,750	27.1%
	Forestry	97,400	24,350	25.0%
<b>Grand Total</b>		<b>2,085,837</b>	<b>736,056</b>	<b>35.3%</b>

Of the total value of investments of €2,085,837, KPEP's attribution is €736,056 or 35.3% of the total amount of the quarterly investments of the KPEP clients.



#### 4. KPEP attribution on employment

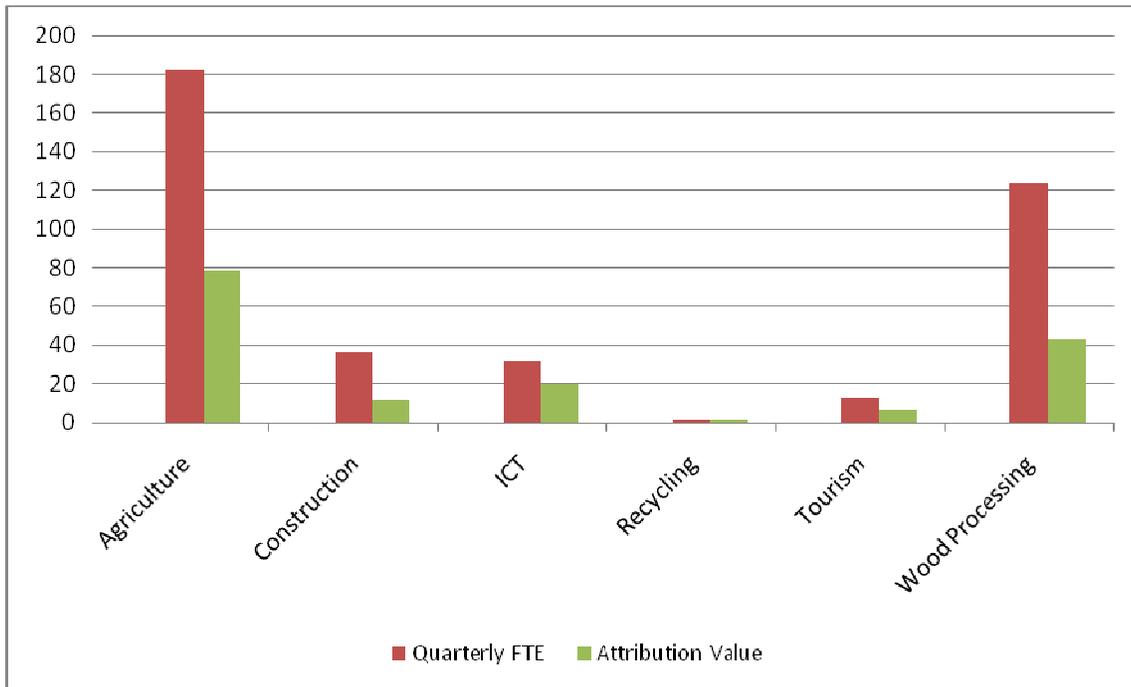
##### 4.1. Total KPEP

Total Quarterly FTE KPEP Firms	388.00
Total KPEP Attributable FTE	159.91
<b>Attribution % for the quarter</b>	<b>41.2%</b>
Total Quarterly FTE Non-KPEP Firms	0.00
Total Non-KPEP Attributable FTE	0.00
<b>Attribution % for the quarter</b>	<b>0</b>
Total FTE	388.00
Total KPEP Attributable FTE	159.91
<b>Total Quarter Attribution %</b>	<b>41.2%</b>

4.2. By sub-sector

<b>Sector</b>	<b>Sub-sector</b>	<b>Quarterly FTE</b>	<b>Attribution Value</b>	<b>% Attribution</b>
<b>Agriculture</b>		<b>182.44</b>	<b>78.41</b>	<b>43.0%</b>
	Dairy	46.677	23.733	50.8%
	Fruits and vegetables	80.513	40.866	50.8%
	Non-wood forest products	55.250	13.813	25.0%
	Poultry meat processing	-	-	-
<b>Construction</b>		<b>35.96</b>	<b>11.55</b>	<b>32.1%</b>
	Construction Materials	35.960	11.553	32.1%
	Road Construction	-	-	-
<b>ICT</b>		<b>31.78</b>	<b>19.58</b>	<b>61.6%</b>
	ICT	31.780	19.580	61.6%
<b>Recycling</b>		<b>1.54</b>	<b>1.16</b>	<b>75.0%</b>
	Recycling	1.543	1.158	75.0%
<b>Tourism</b>		<b>12.83</b>	<b>6.66</b>	<b>51.9%</b>
	Tourism	12.827	6.661	51.9%
<b>Wood Processing</b>		<b>123.45</b>	<b>42.55</b>	<b>34.5%</b>
	Wood Processing	102.00	37.188	36.5%
	Forestry	21.45	5.363	25.0%
<b>Grand Total</b>		<b>388.00</b>	<b>159.91</b>	<b>41.2%</b>

Of the total number of 388.00 FTE jobs created during this quarter, KPEP’s attribution is 159.91 FTE jobs, or 41.2% of the total amount of the quarterly FTE jobs of the KPEP clients.



### 10. Multipliers

Using multipliers to estimate total economic impact or the employment impact of direct sales and growth of a particular industry is a common economic tool. There are numerous methodologies and academic studies used to develop, calculate and detail multipliers for particular sectors in specific economies. However, the process for developing a multiplier for specific sectors in Kosovo would be potentially costly and the data may not be available or accurate. Instead, we collected multipliers on KPEP sectors from a wide range of sources and extrapolated multipliers we could use on an anecdotal basis.

One important tool that is widely used to evaluate economic development impacts is the *economic impact analysis*. Economic impact analyses measure the potential impact of economic decisions by business, government, and consumers on an economy.

An economic impact analysis is based on the concept of the *multiplier*. The multiplier is the relationship between some change in an economy and the succeeding economic activity that occurs as a result of that change. Consider the location of a new automobile parts manufacturer. Initial projections of the impact of the firm would likely include estimates of the number of new jobs

and the income earned by the new workers. This is called the *direct effect*, which is an initial change in the economy.

But there are other effects as well. It is likely that the new plant will require inputs of goods and services from other local businesses. These purchases generate new jobs and income in those allied industries. These spinoff activities are referred to as *indirect effects*. In addition, the new workers in the parts plant and the employees in the supporting industries spend a portion of their income locally to meet household needs, and this spending creates new jobs and income. The jobs and spending created as a result of these activities are called the *induced effect*.

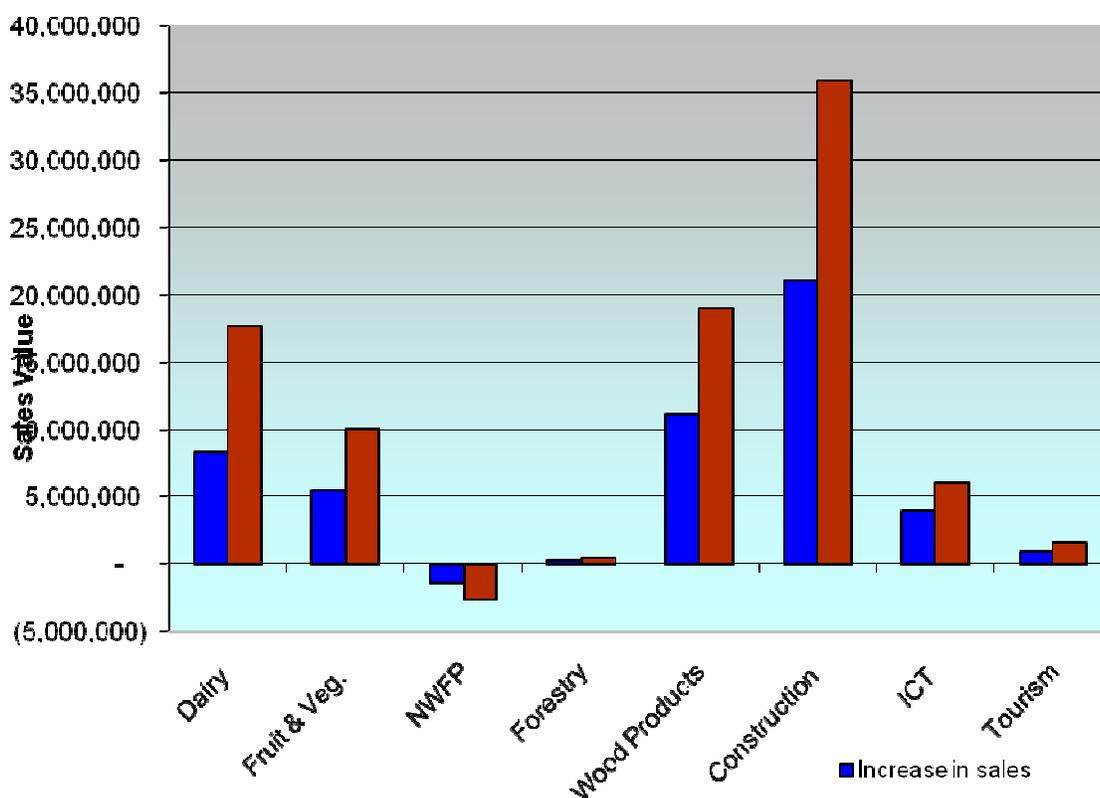
The sum of the direct, indirect, and induced effects is the *total effect*. The process of job creation and income generation continues so long as some portion of spending remains local. The multiplier is an estimate of how much additional economic activity will result from some new investment in an economy. "Multiplier" is an appropriate term, because the original investment is "multiplied" by the multiplier to obtain the total economic impact

KPEP developed the average multipliers for each KPEP sector. Minor sub-sectors, like metal processing and poultry meat processing are not included in the calculation.

Sector	Economic Impact	Employment
Dairy	2.13	1.84
Fruit and Vegetable	1.84	1.96
Non-Wood Forest Products	1.90	1.58
Forestry	1.84	1.89
Wood Products	1.70	1.66
Construction	1.70	1.84
ICT	1.54	1.57
Tourism	1.81	1.39

**1. Economic Impact**

<b>Sector</b>	<b>Increase in sales</b>	<b>Economic Impact</b>	<b>Multiplier Effect</b>
Dairy	8,338,040	2.13	17,718,335
Fruit & Veg.	5,433,606	1.84	9,997,835
NWFP	(1,413,336)	1.90	(2,685,338)
Forestry	266,412	1.84	490,198
Wood Products	11,171,990	1.70	18,992,383
Construction	21,075,781	1.70	35,919,152
ICT	3,959,922	1.54	6,078,480
Tourism	895,686	1.81	1,621,192
<b>TOTAL</b>	<b>49,728,101</b>		<b>88,132,237</b>



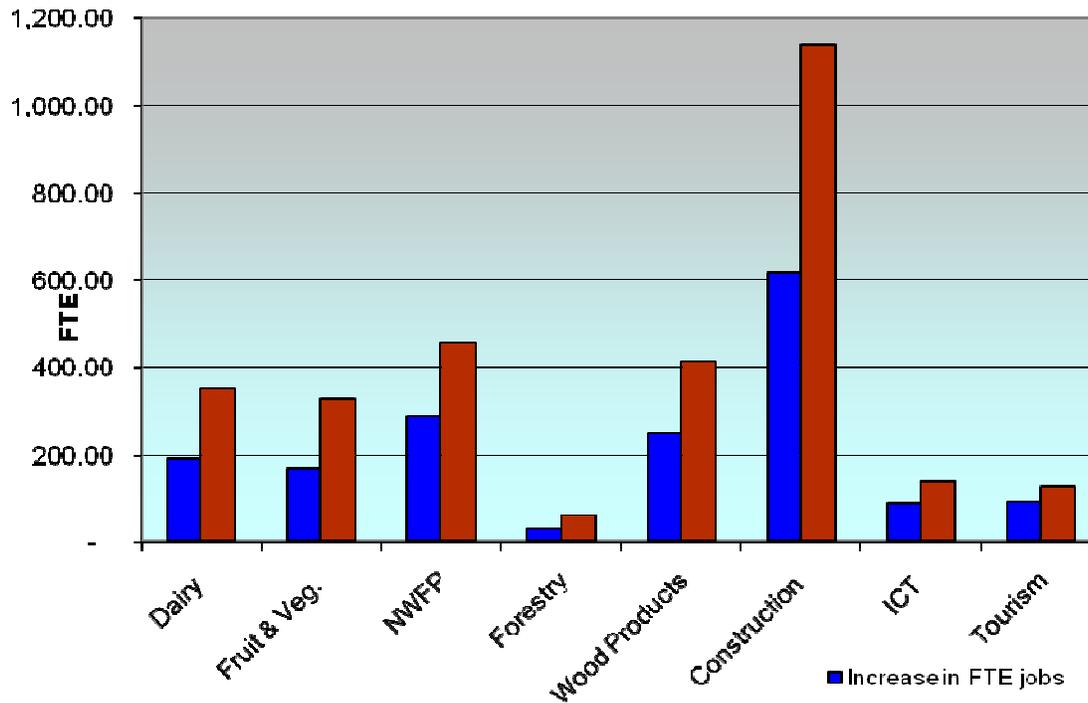
So, the multiplier effect for the total increase in sales for the LOP of €49,728,101 is €88,132,237. In average, for one-euro increase in sales, another 1.77 euro has been generated all the way through the value chain of KPEP targeted sectors.

If we use these data and compare with the LOP target on sales, that has been set at €50 million increase, we have already exceeded this target, although we do not have multipliers for all sectors.

## 2. Employment

Sector	Increase in FTE jobs	Employment	Multiplier Effect
Dairy	191.40	1.84	352.18
Fruit & Veg.	167.08	1.96	327.48
NWFP	290.56	1.58	459.08
Forestry	32.40	1.89	61.24
Wood Products	249.22	1.66	413.71

Construction	619.51	1.84	1,139.90
ICT	89.78	1.57	140.95
Tourism	92.16	1.39	128.10
<b>TOTAL</b>	<b>1,732.11</b>		<b>3,022.63</b>



The multiplier effect for the total increase in employment for the LOP of 1,732 FTE jobs is 3,023 FTE jobs. In average, for one new FTE job, another 1.74 FTE jobs have been generated all the way through the value chain of KPEP targeted sectors.

If we use these data and compare with the LOP target on FTE jobs, that has been set at 2,500 new FTE jobs at the end of the Q1 of FY 2011, we have exceeded this target, although we do not have multipliers for all sectors.

## Strategic Activities Fund (SAF)

**Outreach:** This quarter, we presented the SAF program at KPEP's offices in Mitrovicë/Mitrovica. We invited interested organizations to submit concept papers for KPEP project grant funding support. Our objective was to offer opportunities that improve the competitiveness of businesses in North Kosovo.

KPEP also continued to organize pre-bid meetings, where organizations interested in submitting a proposal are given the chance to learn more about Requests for Proposals (RFPs) and SAF procedural requirements.

KPEP also issued Requests for Proposal (RFP) for the Short-term Employment Generation Activity in North Kosovo. We received a proposal from the Women's Business Association (WBA) NGO, which is part of a multiethnic consortium that includes the Mundesia and MDNZ NGOs. The objective of this assignment was to engage young people in litter collection efforts and to improve the environmental conditions along the Ibar River. As a result, 174 young people of various national backgrounds received employment.

**SAF Review Committee:** SAF organized seven SAF review committee meetings this reporting period. Applicant interest increased slightly in comparison with the previous reporting period. KPEP received 39 concept papers compared to 33 in the previous quarter. Of these, we approved 21, requested further information from an additional five, rejected two and postponed 11 from North Kosovo.

**Requests for Proposals:** KPEP issued four Requests for Proposals during this reporting period. We placed advertisements in local newspapers and on the KPEP website. For two of these RFPs, the subcontracts issued were either (1) sole-sourced due to pre-eminent capability or (2) were issued because the project was a follow on to a previous activity.

This quarter, we signed five subcontracts valued at €157,300 (\$206,213). KPEP awarded 25 grants valued at €618,479 (\$791,080). Moreover, we awarded four grants in North Kosovo valued

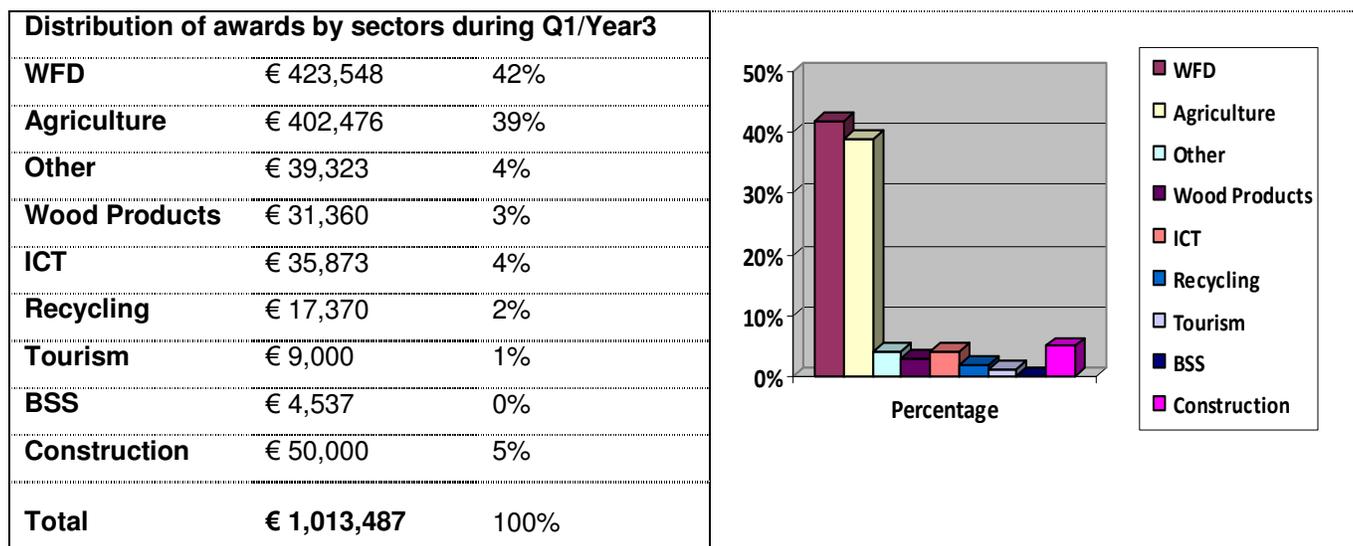
at €237,708 (\$309,800). The total value of subcontracts and grants awarded this quarter was €1,013,487 (\$1, 307,093).

Cumulative value of KPEP subcontracts and grants awarded this reporting period

	Distribution by types of award	%
<b>Grants</b>	€ 618,479	61%
<b>Sub-contracts</b>	€ 157,300	16%
<b>Grants-North Kosovo</b>	€ 237,708	23%
<b>Total</b>	<b>€ 1,013,487</b>	<b>100%</b>

Grants and subcontracts awarded comprised the following KPEP approved sectors: WFD (42%), Agriculture (39%), Wood Products (3%), ICT (4%), Recycling (2%), Tourism (1%), Construction, (5%) and other 4%.

Cumulative value of the KPEP subcontracts and grants by sectors



Fixed price subcontracts were awarded to the following companies:

Fixed price subcontracts were awarded to the following companies						Type of ER Checklist		
No.	Awardees	Short description of the project	Sector	Enterprise level	Total in EUR	Cat. Exclusion	Neg. Determination	Pos. Determination
1	Kosovo Association of Information and Communication Technology (STIKK)	Skill Gap Analysis for Information Communication Technology	WFD	Non-Micro Enterprise Level	€ 14,100	X		
2	UBO Consulting	Poverty Assessment Tools Survey	KPEP	Micro Enterprise	€ 2,763	X		
3	Riinvest	KPEP Satisfaction Survey	BSS	Non-Micro Enterprise Level	€ 4,537	X		
4	Kosovo Association of Information and Communication Technology (STIKK)	Call Center Training	ICT	Non-Micro Enterprise Level	€ 28,000	X		
5	Business Support Center Kosovo (BSCK)	Entrepreneurship Training Program -Phase 2	WFD	Non-Micro Enterprise Level	€ 107,900	X		
		<b>Total</b>			€ 157,300			

Grants were awarded to the following organizations:

	<b>Awardees</b>	<b>Short description of the project</b>	<b>Sector</b>	<b>Enterprise level</b>	<b>Total in EUR</b>	<b>Cat. Exclusion</b>	<b>Neg. Determination</b>	<b>Pos. Determination</b>
1	Swiss - EU Medical Sh.P.K	IT Solutions for Pattern Production/3D Designing and Visualization Software	WFD	Microenterprise	€ 36,247	X		
2	V-Kelmendi	Meeting quality standards for export of domestic agricultural products (collection, sorting, classification, labeling and packing) by (1) increasing service quality at our collection center and (2) fostering greater relationships with other centers in Kosovo	Agriculture	Microenterprise	€ 14,000	X		
3	Beselidhja/ Zavet Microfinance - BZMF	KPEP's Microenterprise Grant Program	KPEP	Non-Micro Enterprise Level	€ 36,560	X		

	<b>Awardees</b>	<b>Short description of the project</b>	<b>Sector</b>	<b>Enterprise level</b>	<b>Total in EUR</b>	<b>Cat. Exclusion</b>	<b>Neg. Determination</b>	<b>Pos. Determination</b>
4	Kosovate x	Because products manufactured in the new factory require a higher quality standard, we will offer tailoring skills training to 200 employees for at least three months. We aim to achieve enhanced product quality and quantity for our target markets.	WFD	Non-Micro Enterprise Level	€ 50,000	X		
5	Rugova	Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture	Microenterprise	€ 7,000		X	
6	Agro-Peti	Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture	Microenterprise	€ 7,000		X	
7	Agroprodukt-Syne	Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture	Microenterprise	€ 7,000		X	
8	Besiana	Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture	Microenterprise	€ 7,000	X		
9	TC Bashkimi	Fruit and Vegetable Collection Centers	Agriculture	Microenterprise	€ 31,300		X	

	<b>Awardees</b>	<b>Short description of the project</b>	<b>Sector</b>	<b>Enterprise level</b>	<b>Total in EUR</b>	<b>Cat. Exclusion</b>	<b>Neg. Determination</b>	<b>Pos. Determination</b>
10	AC Liria	Fruit and Vegetable Collection Centers	Agriculture	Microenterprise	€ 35,000		X	
11	TC Fruti	Fruit and Vegetable Collection Centers	Agriculture	Microenterprise	€ 35,000		X	
12	Association for Finance and Accounting Services (AFAS)	Training and Internship Program and placement assistance for 100 jobseekers in Accounting and Finance	WFD	Microenterprise	€ 17,000	X		
13	AG Group	Support set-up technology for pulping waste recycling	Recycling	Non-Micro Enterprise Level	€ 17,370	X		
14	Ask Trade	Purchase of Tunnel Pasteurizer	Agriculture	Non-Micro Enterprise Level	€ 36,000		X	
15	The Ranch	Alternative feeding Regime	Tourism	Microenterprise	€ 9,000	X		
16	Agrocelina	Value added for vegetable products through Collection Centre	Agriculture	Microenterprise	€ 13,000		X	

	<b>Awardees</b>	<b>Short description of the project</b>	<b>Sector</b>	<b>Enterprise level</b>	<b>Total in EUR</b>	<b>Cat. Exclusion</b>	<b>Neg. Determination</b>	<b>Pos. Determination</b>
17	MOEA	Fruit and NWFP Storage Capacity Collection Center	Agriculture	Non-Micro Enterprise Level	€ 34,000		X	
18	Hosa Fresh	Establishment of a Collection Center in Rogova Region	Agriculture	Microenterprise	€ 35,000		X	
19	FERODA	Purchase of Wood Chipper Grinding Machine	Wood Products	Microenterprise	€ 31,360		X	
20	Kosovo Dairy Processors Association (KDPA)	Transparent Raw Milk Sampling	Agriculture	Microenterprise	€ 28,600	X		
21	Scardus	Non Wood Forest Products Processors HACCP Introduction and Certification	Agriculture	Microenterprise	€ 7,000	X		
22	Brickos	Purchase of a new line for production of road guard rails	CR	Non-Micro Enterprise Level	€ 50,000		X	
23	Biopak	Introduce new technology for sterilization of processed fruits and vegetables	Agriculture	Non-Micro Enterprise Level	€ 35,808		X	

	Awardees	Short description of the project	Sector	Enterprise level	Total in EUR	Cat. Exclusion	Neg. Determination	Pos. Determination
24	TRA	Internet Exchange Point	ICT	Non-Micro Enterprise Level	€7,873	X		
25	Krusha e madhe	Better facilities and increase of processing capacities	Agriculture	Microenterprise	€30,360		X	
<b>Total</b>					<b>€ 618,479</b>			

Grants in North Kosovo were awarded to the following organizations:

Grants awarded in North Kosovo						Type of ER Checklist		
	Awardees	Short description of the project	Sector	Enterprise level	Total in EUR	Categ. Exclusion	Neg. Determination	Pos. Determination
1	Women Business Association - WBA	Short Term Employment Generation Activity	WFD	Non-Micro Enterprise Level	€ 198,300	X		
2	AS Promet	Processing of Non Wood Forest Products	Agriculture	Microenterprise	€ 20,000		X	
3	Antonije	Purchasing and installation of Green House Central Heating and cooling chamber	Agriculture	Microenterprise	€ 19,408		X	
<b>Total</b>					<b>€ 237,708</b>			

We awarded 63% of our grants to Non micro-enterprise and 37% to Micro-enterprise during this reporting quarter.

Distribution of Awards by Type of Enterprises		
Enterprise	% of total	Euros
Micro-enterprise	39%	€ 393,039
Non micro-enterprise	61%	€ 620,448
<b>Total</b>	<b>100.00%</b>	<b>€ 1,013,487</b>

## **Cash for Work and Business Support Activities Northern Kosovo**

During the last quarter, KPEP was requested to support specific actions in Northern Kosovo – the four municipalities of Zubin Potok, Mitrovica North, Zveqan/Zvecan and Leposavic/Leposaviq. The initial request from USAID was to establish a presence in support of grant-making activities to small business, initially to use the original KPEP task order SAF resources in sectors that were appropriate to the KPEP mandate, but additionally to seek opportunities for expanded small business support. Since funding was not in place for support outside of KPEP’s original mandate (such as work with small businesses that would not produce the same ROI as work with a more competitive firm elsewhere in Kosovo), the project would simply identify such opportunities. Additional action was requested in the form of a “cash for work” program targeting unemployed youth in the northern municipalities with the final projects identified as a two-phased river cleanup program, a small activity surrounding Zveqan/Zvecan castle, as well as a forest clean up activity. This total activity was to generate some 60,000 work days.

In response, KPEP positioned 2 new staff members in a cost-shared office in Mitrovica North to provide an established focus for existing and potential clients. Both staff members are ethnic Serbs and have significant experience operating in this region.

The following table highlights the activity in the North in terms of cash for work and the small business support program.

Sector	Activity	Progress
Cash For Work	Phase 1 of the Ibar River cleanup program is well under way with 25% of the designated clean-up points having been attended to.	172 workers are consistently employed under this program and there exists a waiting list for employment in Phase 2. Attendance has been excellent and the level of enthusiasm very encouraging. 3,400 workdays have been carried out this quarter with the activity starting on December 6 <sup>th</sup> 2010.
Dairy	Support the AKEMO dairy farm in the village of Kaljin Leposaviq/Leposavic to establish mini-dairies that produce quality cheese; this will improve livestock in the area	KPEP Minority liaison officers worked with the owner of Akemo to write a grant paper and application to secure support to increase milk production in North Kosovo.
Poultry	In Zveqan/Zvecan, KPEP is supporting the Aves – prom broiler farm. Aves prom has applied for a grant to introduce new technology and equipment for broiler production.	KPEP Minority Liaison officers worked with the owner of Aves -prom to write a grant paper and application. This was followed by an extensive environmental review process.
Vegetables	Kpep staff is working with two vegetable producers in North Kosovo: one is located in the Leposaviq/Leposavic village of Kamenica and another is in the municipality of Zubin Potok in the village of Ugljare. Both of these are greenhouse activities and each have a surface area of 800 square meters and wish to modernize production via a heating and irrigation system.	KPEP minority liaison officers worked with the applicants to specifically outline the activity planned and determine the importance to the area of these two innovations in terms of heating and greenhouse irrigation. Both of these projects have received final approval and are in the process of procurement. This procurement will be in time to ensure plantings begin early in the season.

Sector	Activity	Progress
Non Wood Forest Products	Minority Liaison Officers visited the owner of the AS-PROMET, a non wood processing company from Leposaviq/Leposavic, to (1) understand the company's collection and post harvest activities and (2) food safety standards.	AS-PROMET told us he would like to expand capacity and improve the standards for additional equipment/storage of non-wood product. The project has been approved and is awaiting implementation.
Non Wood Forest Products	KPEP with ECO Galic representatives in the village of Socanica, Leposavic. The company has previously received a USAID grant for a dryer and cooler, and additional technical support is required to maximize the outcomes of the grant.	KPEP staff have worked with the company to compile the required documentation for a SAF grant.
Construction	KPEP met with MBA Miljkovic members in our office to discuss cooperation with KPEP. MBA Miljkovic is one of the largest construction companies in North Kosovo, focusing on a wide range of areas related to construction, including roads.	MBA Miljkovic will apply for grant support
Construction	KPEP visited Varex, a building company from Zveqan/Zvecan. The company specializes in the production of metal products and services. This is the only company that specializes in this type of work in Kosovo	Varex will apply for a grant support.
Wood Processing	We have a number of interested clients who have applied for a grant. The following companies have indicated their wish to expand their capacity.	

Sector	Activity	Progress
Wood Processing	PP ANB Milic from North Mitrovica is a successful furniture company. The company's main challenge is poor quality equipment, and difficulty in following new trends in production furniture.	The company has applied for a full grant.
Wood Processing	The MV-Lesak firm promotes biomass activities on North Kosovo. The firm has recently purchased an additional E200,000 worth of equipment to expand into pellet production.	
Wood Processing	The Klopotnik Company in Zubin Potok manufactures beekeeping materials and beehives. The company's production machine however cannot satisfy the demand for beehives.	The goal of the grant application is to modernize and speed up the production process in order to provide cheap and quality beehives. The company submitted a grant application paper for SAF grant funds. The concept paper has been postponed pending funding indications.
Wood Processing	We worked with the private carpentry workshops of the Markovic and Backo Trade companies in Zubin Potok and the Univer Company in Zveqan/Zvecan. We plan to establish a closer cooperation so that the companies can develop improved market access.	KPEP worked with Markovic and Univer on a grant paper. Backo Trade is preparing to submit a request. The concept paper for Markovic and Univer has been postponed.
Wood Processing	We received a request from the Mitrovica based Tapetar company for a multi-purpose machine that will simplify customer service.	KPEP discussed the grant process with the client.

Sector	Activity	Progress
ICT	We are working with two ITC companies, D&D Computer from North Mitrovica and Toshiba North from Zveqan/Zvecan, to improve customer service via cheaper and faster internet. Each company proposed a solution to solve the problem, each covering a different user area.	D&D Computer has drafted a proposal for a grant paper application. Toshiba North is in the process of writing SAF grant applications.  Evaluation of both proposals has been postponed pending funding indications.
Tourism	We shared with DOO Hajdučki (Kremestak, Zveqan/Zvecan) KPEP plans to develop tourism in the region. We expressed interest in ensuring that the company becomes sustainable.	We assisted DOO Hajducki Konak to prepare a grant application. This activity has been postponed pending funding indications.
Recycling	No specific new activity in this sector.	
BSS	We discussed capacity building and future USAID KPEP cooperation with representatives from the Business Consultants Association in North Mitrovica.	Work is in progress. There has been interest in supporting new business growth – start up and expansion by the Community Development Fund of the World Bank. An MOU is pending with KPEP and funding could begin to flow in Q2.
Agricultural Sub sector Pig farm	We met with the owner of ZOO Trade, a pig farm based in Socanica to discuss improving production and the health and genetic improvement of pigs. We concluded that the farm required (1) a better microclimate and the option of introducing (2) artificial insemination processes. These changes will lead to an increase in the number and quality of pigs and overall improvement in efficiency of the business.	The client has filed for a grant for the project. Progress on this activity has been postponed pending funding indications.

The following table summarizes client activity to the end of Q1 for the North cash for work and the business support activity. Of significant interest is the large potential that exists as evidenced by the number of clients being served. There is clear interest to work with Kosovo Government regulations as far as registration is concerned, and an encouraging level of enthusiasm to improve business activity in this disadvantaged area. It is critical that early in Q2, a decision is made regarding funding for activities that have been identified such that evaluations that have been postponed can be decided upon. It is also evident that the presence of the two Minority Liaison Business advisors in North Mitrovica is being welcomed by the business community and that the number of potential clients continues to grow.

	Client	Sector sub sector	KPEP Office visit	Field Visit	Concept paper	Amount requested	Grant full application	Grant approved
1.	Broiler farm „Aves Prom,,	Agro-(Poultry)	yes	yes	yes	24,080	yes	24,000
2.	Dairy farm „Akemo,,	Agro-(Dairy)	yes	yes	yes	40,000	yes	
3.	Farm cooperative „Suvo grlo,,	Agricultural	yes			15,000	yes	
4.	Farm cooperative „Zubin potok,,	Agricultural	yes	yes				
5.	Restoran „Hajducki konak,,	Tourism	yes	yes	yes	38,625		
6.	Restoran „Zavicaj,,	Tourism	yes					
7.	PP „ANB MILIC,,	Wood processing	yes	yes	yes	29,500	yes	
8.	' Fresh doljani " - Doljani	Preparing meat	yes	yes	yes	25,000		
9.	Greenhouse " Antonije "	Agro-Vegetables	yes	yes	yes	19,400	yes	19,400
10.	Greenhouse " Naja "	Agro-Vegetables	yes	yes	yes	15,000	yes	15,000
11.	BB Med Klopotnik	Wood processing	yes	yes	yes	10,240		
12.	Lesak Commerce	Slaughterhouse	yes	yes				
13.	As " Promet " - Laposavic	Non wood product	yes	yes	yes	20,000	yes	20,000
14.	" Sveti Toma "- Laposavic	Bakery		yes				
15.	Eco " Galic " - Socanica	Non wood product	yes	yes				
16.	VGN - Mitrovica	ICT	yes	yes				
17.	D&D COMPUTER o.d.	ICT	yes	yes	yes	45,000		
18.	" Varex "- Zvecan	Construction	yes	yes	yes	35,000		
19.	" MV - Lesak "	Wood processing	yes	yes				
20.	" Eco Centar " - Lesak	Bakery		yes	yes			
21.	" Markovic "- Zubin Potok	Wood processing		yes	yes			
22.	" Backo trade " - Zubin Potok	Wood processing		yes				
23.	" Laki commerce " - Srbovac	Agro (Mushrooms)	yes	yes				
24.	" Prota Stojan Commerce "	Recycling	yes	yes				
25.	" Eco KIM " - Zvecan	Recycling	yes	yes				
26.	" DES Commerce " Zvecan	Service	yes	yes				
27.	Upholsterer-Mitrovica	Wood processing	yes	yes	yes	25,800		
28.	P.P " Zelengora " -Banjska	Water plant	yes	yes	yes	38,400		
29.	" KEOPS " - Zvecan	Production ecologic bags	yes		yes	16,000		
30.	"ZOO TREJD"- Socanica	Agro (Pig farming)	yes	yes	yes	35,380		
31.	" UNIVER "- Zvecan	Wood processing	yes	yes	yes	25,000		
32.	P.P." FIL&Farmer " Laposavic	Agro (Fruit growing)	yes	yes				
33.	S.Z.R. " Fructa " - Mitrovica	Agro (Fish pond)	yes	yes				
34.	" Mile Ciplak " - Lesak	Agro (Pig farming)	yes	yes				
35.	WBA „ Mundesia,,	Cleaning river Ibar	yes	yes	yes	193,000	yes	193,000
36.	DOO " Metal "- Zvecan	Sheep farming	yes	yes				
37.	"MBA Miljkovic"	Road Construction	yes	yes				
38.	Association raspberry - Socanic	Agro (Fruit growing)		yes				
39.	"Veternik Kos"-Zubin potok	Agro ( Sheep farming)	yes					
40.	Kras-Komerc-suvo grlo	Agro (Fruit growing)	yes					
41.	ToshibaNorth-Zvecan	ICT	yes	yes				
42.	P.P." Dobrosevina" Z.Potok	Veterinary services	yes					

## **Project Management Unit (PMU)**

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, PMU provides backstopping programmatic support and ensures that the firm's lessons learned, experience and corporate values are properly integrated and disseminated throughout the project team.

PMU has served as a liaison between the project field team and our project subcontractors and has 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 also processed and completed all deployment and mobilization documentation and has conducted appropriate due diligence for all candidates. PMU has offered support in all aspects of the mobilization, from arranging contract terms through final invoicing.

This quarter, PMU supported ten short-term technical specialists, including wood processing, furniture design, management development, associations, legal, regulatory and foreign direct investment experts. We also mobilized the Deputy Chief of Party and a short-term specialist to travel to India to assess Kosovo's ability to enter the call center market in India. PMU mobilization processes included arranging contract agreements, processing of staffing approval authorizations, processing of the mobilization paperwork and support in invoicing. We also processed and received approval documentation for five new CCNs and completed requests for additional LOE for another six CCNs. Finally, we processed documentation requests to provide two CCNs with changes to their SOWs and corresponding salary adjustments. New long-term CCNs approved include a new Communications Specialist and a Business Support Services/Workforce Development Assistant. In addition, KPEP has added short-term CCNs as Liaisons to North Kosovo, a new area for the project. PMU also supported and coordinated, from the Booz Allen side, Modification 6 to the Task Order, submitted in December 2010.

To ensure the most efficient use of funds, PMU has a comprehensive financial management tool that will allow the Chief of Party (COP) to effectively implement KPEP activities. As we enter the third year of the project, PMU is honing in on that tool to ensure it is complete, accurate and

includes up-to-date projections so that we may better manage existing funds and be aware of funding needs in advance. PMU has prepared and submitted accrual reports to USAID on a quarterly basis. The unit has reviewed and reconciled Operational Expense Reports, working closely with field staff to make adjustments and corrections where necessary.

**Acronyms**

<b>USAID</b>	
FORECAST	Focus on Results Enhancing Capacity Across Sectors in Transition - USAID
KBEEP	Kosovo Business Enabling Environment Project -USAID
IPC	Initiating Positive Change- USAID
MFASP	Ministry of Foreign Affairs Support Project - USAID
RCI	Regional Competitiveness Initiative - USAID
YEP	Youth Employment Project - USAID
<b>Local Partners</b>	
Am Cham	American Chamber of Commerce in Kosovo
AWPK	Association of Wood Processors in Kosovo
KAMP	Kosovo Association of Milk Producers
KATA	Kosovo Alternative Tourism Association
KCC	Kosovo Chamber of Commerce
KDPA	Kosovo Dairy Processors Association
KOTAS	Kosovo Tourism Association
RCAK	Road Constructors Association of Kosovo
	Regional Tourism Board of Dukagjini Region consisting of representatives of Peja/Pec, Istog/Istok, Kline/Klina, Decan, Junik, Gjakova/Djakovica, and
RTB**	Rahovec/Orahovac Municipality
STIKK	Kosovo ICT Association
<b>Donor Partners</b>	
BCYF	Balkan Children Youth Foundation
CDF	Community Development Fund
CWPA	Croatian Wood Processing Association
DANIDA	Ministry of Foreign Affairs of Denmark, Technical Advisory Services
EU SME	European Union Small Medium Enterprise Project with MTI
	not direct partner but they funded the equipment that will allow new
EU**	product development, which also requires training
FAO	Food and Agriculture Organization (UN)
	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International
GIZ	Cooperation)
HPK	Horticulture Promotion in Kosovo (Swiss and Danish Government funded)
Lux Development	Luxembourg Agency for Development Cooperation
MASHAV	Israel Center for International Cooperation
Norges Vel	Royal Norwegian Society for Development
SIDA	Swedish International Development Cooperation Agency
SNV	Netherlands Development Organization
TAM BAS	Turnaround Management and Business Advisory Services (European Union)
UNDP	United Nations Development Program
<b>GoK</b>	
IPAK	Investment Promotion Agency of Kosovo
KEK	Kosovo Energy Corporation
KFA	Kosovo Forestry Agency
KFVA	Kosovo Food and Veterinary Agency
MAFRD	Ministry of Agriculture, Forestry, Regional Development

MEF	Ministry of Economy and Finance
MESP	Ministry of Environment and Spatial Planning
MEST	Ministry of Education, Science, and Technology
MLSW	Ministry of Labor and Social Welfare
MTI	Ministry of Trade and Industry
MTT	Ministry of Transportation and Telecommunications
TRA	Telecommunication Regulatory Authority

***Annex I***

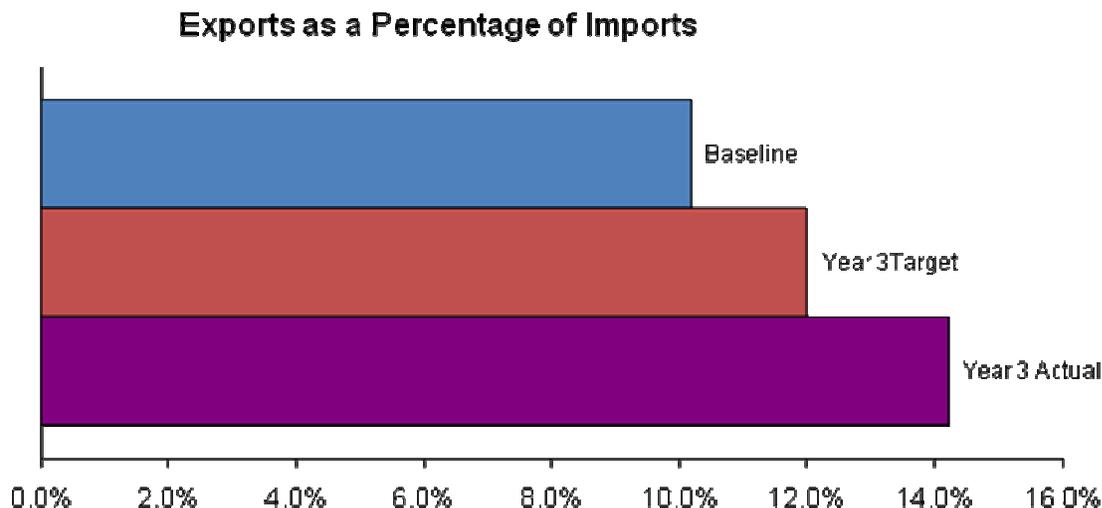
***Annex 1. Report on Indicators***

**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.

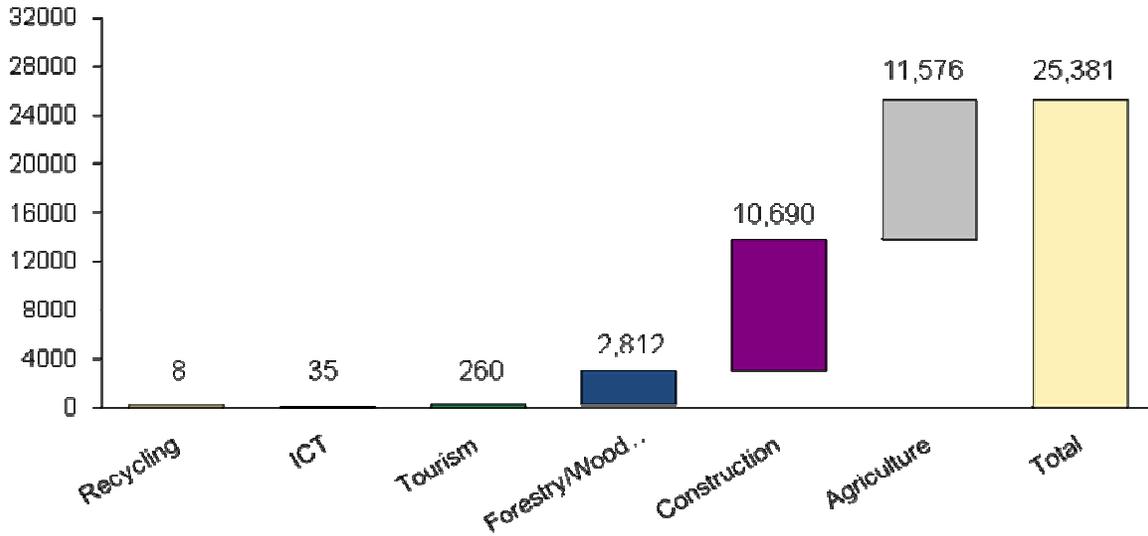
*Data Source:* Data is received from the Statistical Office of Kosovo (SOK).



*Annual Results:* The total value of exports divided by the total value of imports. This report contains the data from October and November 2010. The data for December 2010 is not published yet. Value of exports for this period was €54.32 million, while imports were at the amount of €383.04 million, which represents 14.18 percent exports/imports coverage. During CY 2010 (except December) Kosovo exported goods valued at €268.7 million Euros, and imported €1,930.8 million Euros, which provides for annual exports/imports coverage of 13.9%. This was the best performance of the foreign trade of Kosovo’ post-conflict economy.

The data collected from KPEP client enterprises indicate that exports to date were €27,179,203 while imports were €39,948,135. This provides for a coverage ratio of 68.0%. Comparing to the baseline exports data of KPEP clients there was an increase of €25.4 million for the LOP. The graph below shows the increase in exports by KPEP targeted sectors.

**Increase in Exports  
by Sector in Thousand Euros**

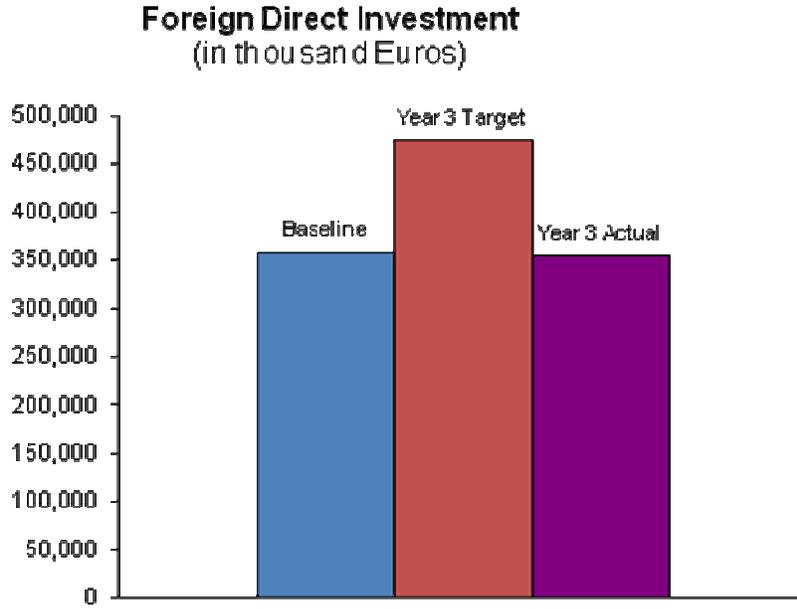


**IR.1.3 (2) Accelerated Growth of Private Sector**

**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.



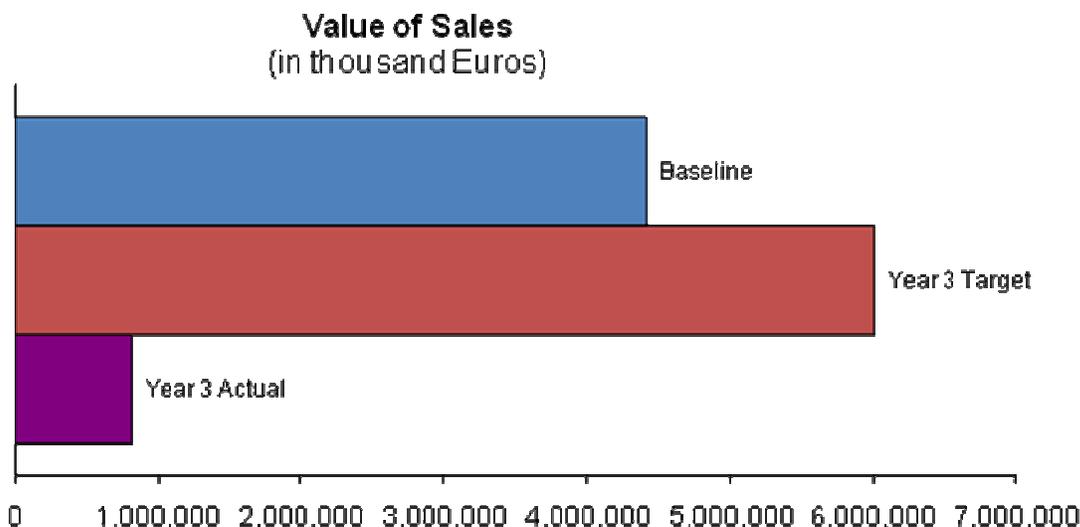
*Annual Results:* This indicator is reported annually.

**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 has been collected from the Tax Administration of Kosovo.



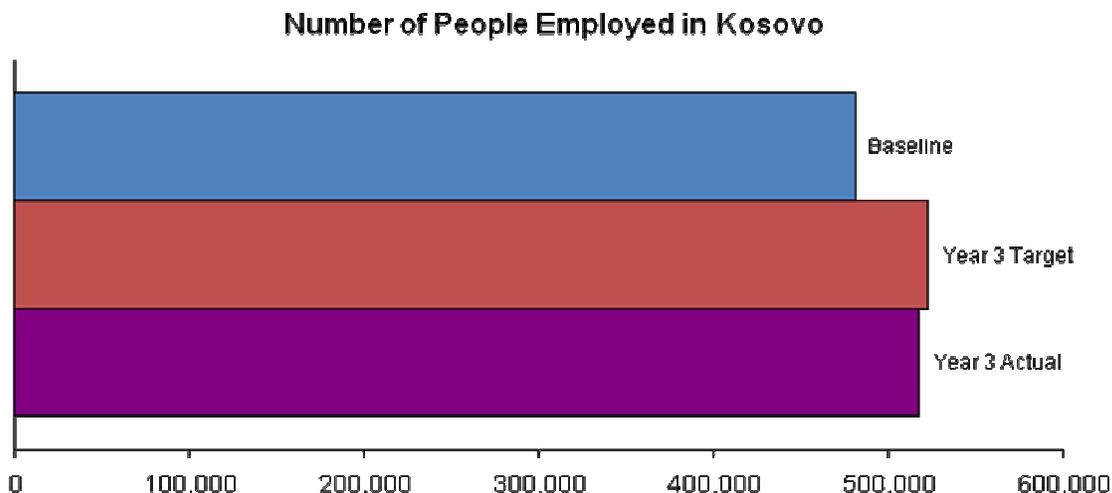
*Annual Results.* The baseline includes the data for the period January-December 2008. KPEP has collected the data for the period October - December 2010. The cumulative data for this period is at €€808 million. This figure represents the sales of all enterprises in Kosovo. Tax Administration of Kosovo categorizes enterprises in Kosovo into different categories: by size, in small and large enterprises, and by legal status, in individual businesses and corporations.

**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 the Macroeconomic Department of MEF. The quarterly data is collected from the Department for Labor and Employment (DLE) of Ministry of Labor and Social Welfare (MLSW).



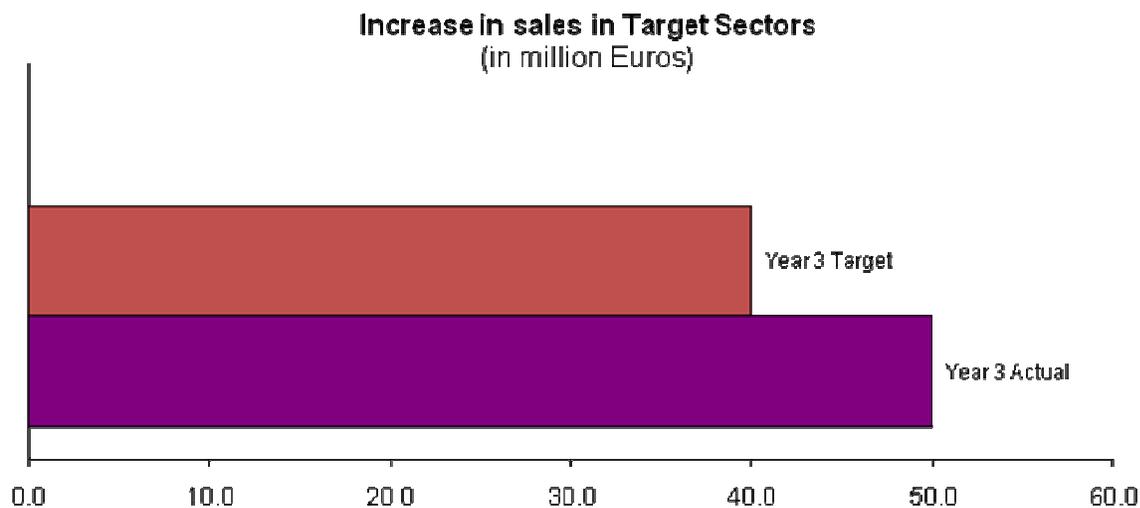
*Annual Results.* This indicator is reported annually.

#### IR.1.3.1 (1) Increased Competitiveness of Key Sectors

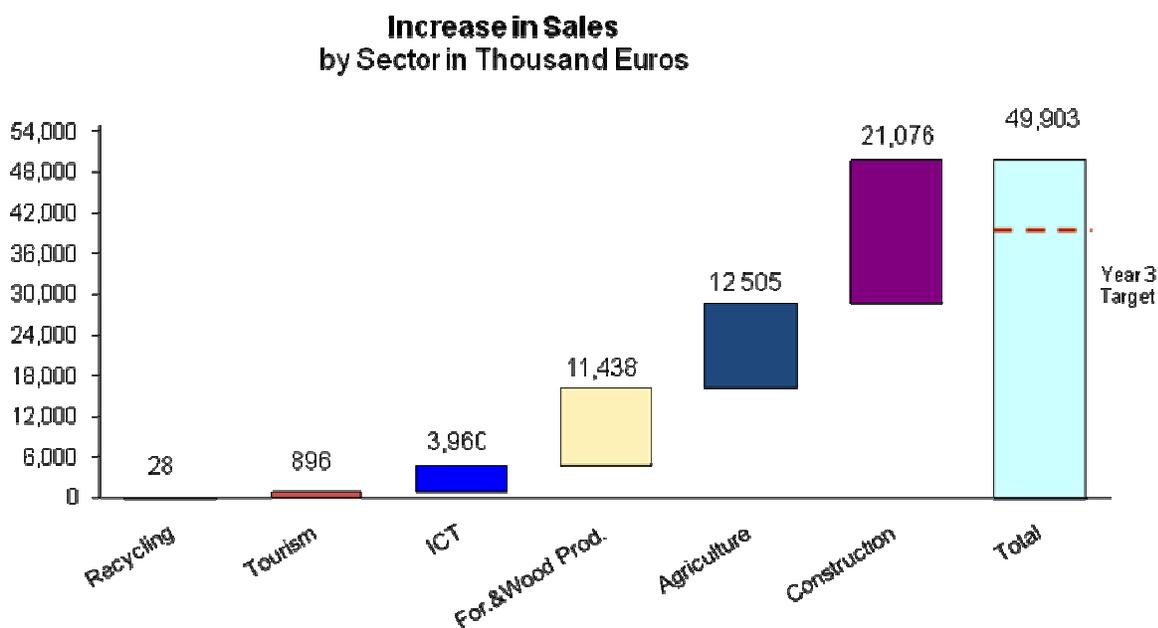
**Indicator:** Increase in Sales in Target Sectors

*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.



*Annual Results.* The annualized baseline value of sales is €121,896,489, which represents the baseline sales data for 72 companies. The cumulative target for Q1 of the Year 3 is an increase of sales of €25,000,000. Cumulative increase to date is €49,903,205, which means that KPEP already exceeded Year 3 target and almost reached the LOP target of €50,000,000. The main contributors to the LOP increase are construction, agriculture, and forestry and wood processing sectors, as it is shown in the graph below:

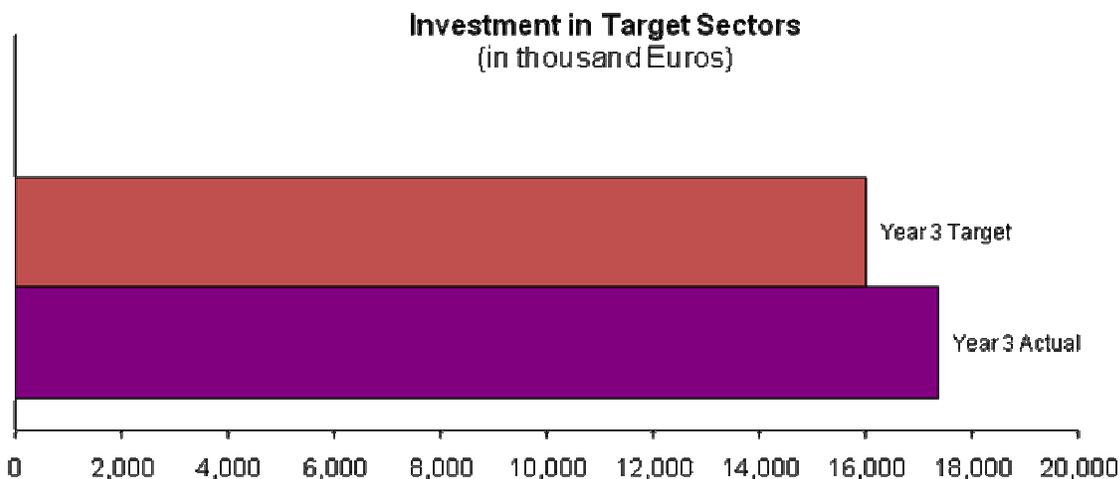


**IR.1.3.1 (2) Increased Competitiveness of Key Sectors**

**Indicator: Increase in investments in target sectors**

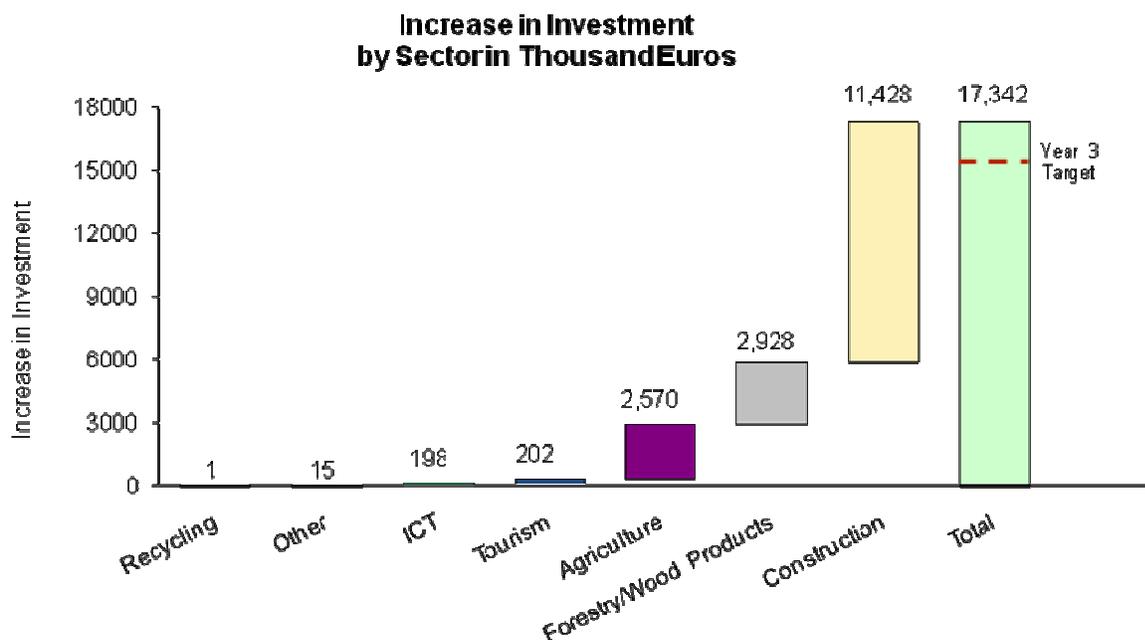
*Definition of the indicator:* Value of capital investments disaggregated by target enterprise, micro enterprise and by sector.

*Data Source:* Data received from sector specialists.



*Annual Results.* The cumulative value of investments to date is €17,342,095. Since the baseline figure was set at zero, the total value of investments in fact represents the total increase in investments. The cumulative target for Year 3 is an increase in investments of €16,000,000, the target already exceeded.

The main contributor to the LOP increase is still the construction sector, followed by forestry and wood processing and agriculture sector.



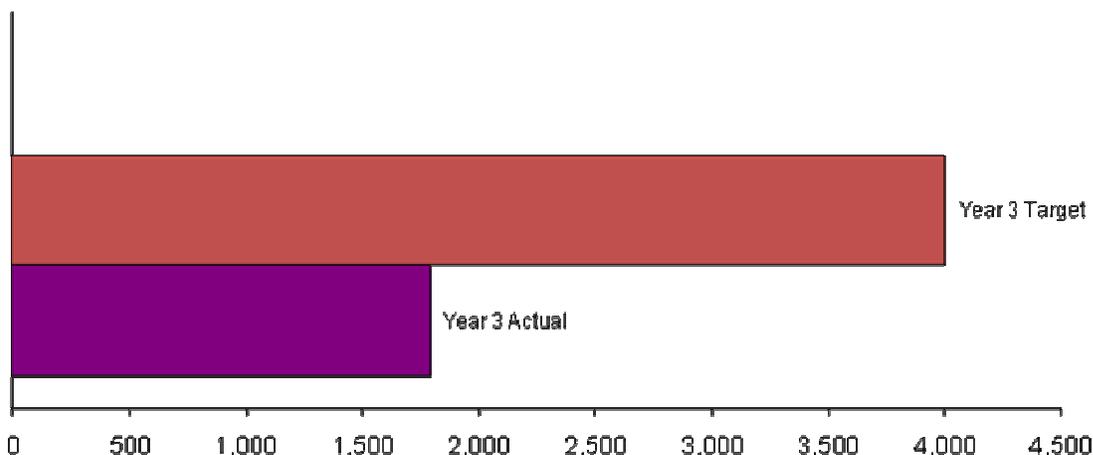
**IR.1.3.1 (3) Increased Competitiveness of Key Sectors**

**Indicator: Increase in jobs created in target sectors**

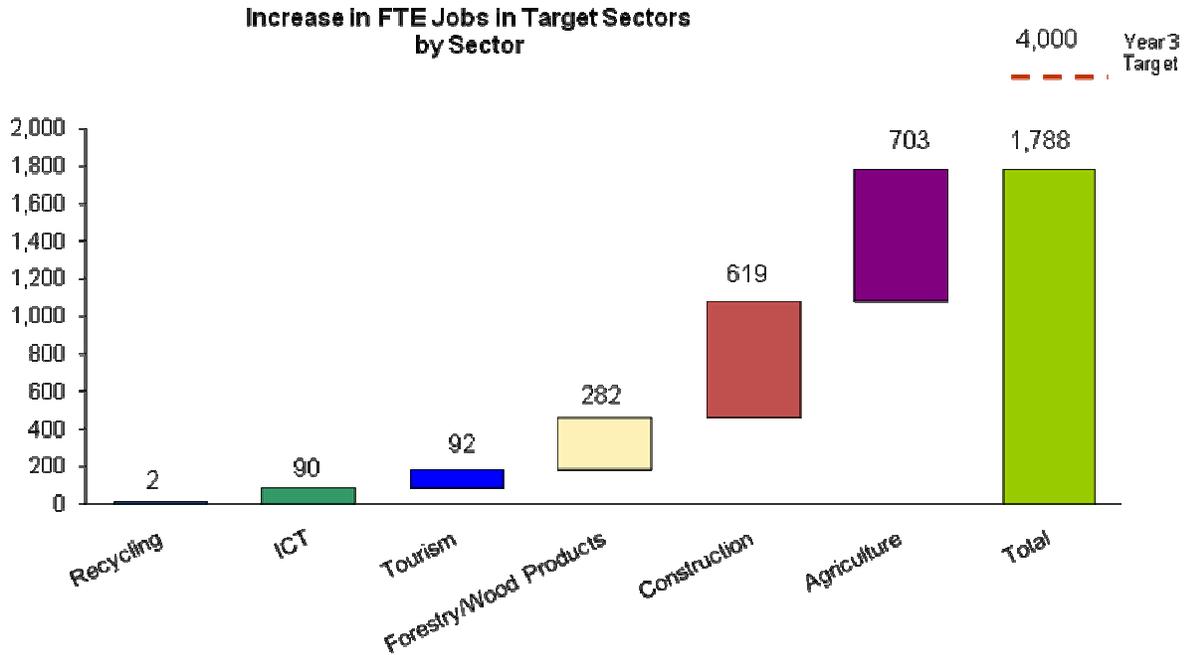
*Definition of the indicator:* Number of jobs created, disaggregated by target enterprise micro enterprises, and by sector, in terms of full-time equivalent jobs in target enterprises. Person days of employment (part-time employment) are converted to annual full-time equivalent -FTE jobs using 225 days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

*Data Source:* Data received from sector specialists.

**Increase in FTE Jobs in Target Sectors**



*Annual Results.* The cumulative target for the Q1 of the Year 3 is an increase of FTE jobs by 2,500. The cumulative increase of FTE jobs at KPEP client enterprises to date is 1,788 FTE jobs, which is below to the Year 3 target. While KPEP is below its job creation target, the project has been able double the increase in full time jobs comparing to the baseline. The multiplier effect for the total increase in employment for the LOP is 3,023 FTE jobs, although multipliers were not calculated for all sectors. Below is provided the structure of the LOP increase in FTE jobs by sector. The main contributors to this increase are agriculture and construction sector.

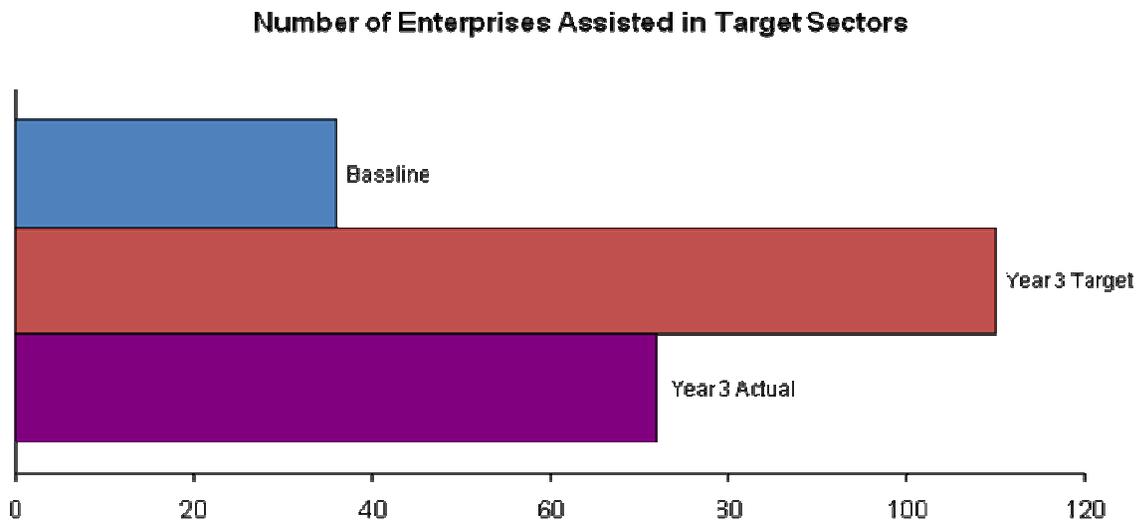


**IR.1.3.1 (4) Increased Competitiveness of Key Sectors**

**Indicator:** Number of enterprises assisted in target sectors

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

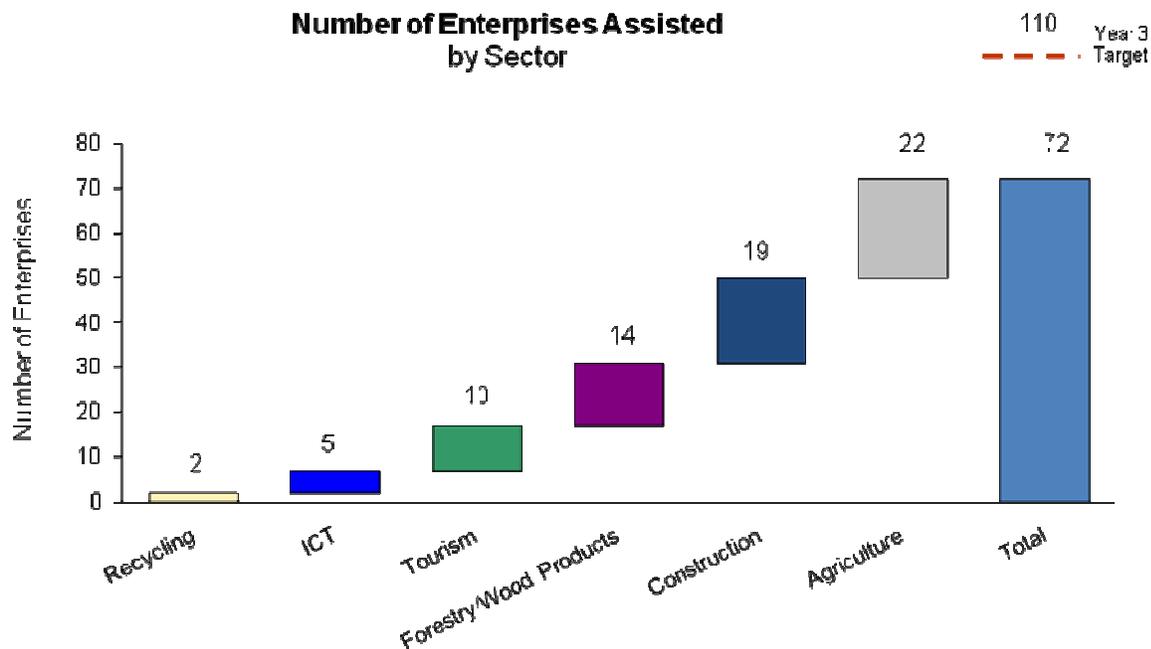
*Data Source:* Data is received from sector specialists.



*Annual Results.* To date, there are 72 direct KPEP enterprises. These companies have signed agreement of cooperation with KPEP and receive continuous support from

KPEP. In return, these companies provide KPEP with their quarterly data on their key performance indicators. The cumulative target number for Year 3 is set to 110 enterprises. During this quarter, six new companies were added to the PBMS system. The reach of KPEP in the private sector is much wider than this. KPEP’s activities reach more than 550 companies.

Below is provided the structure of direct KPEP client enterprises by sector.



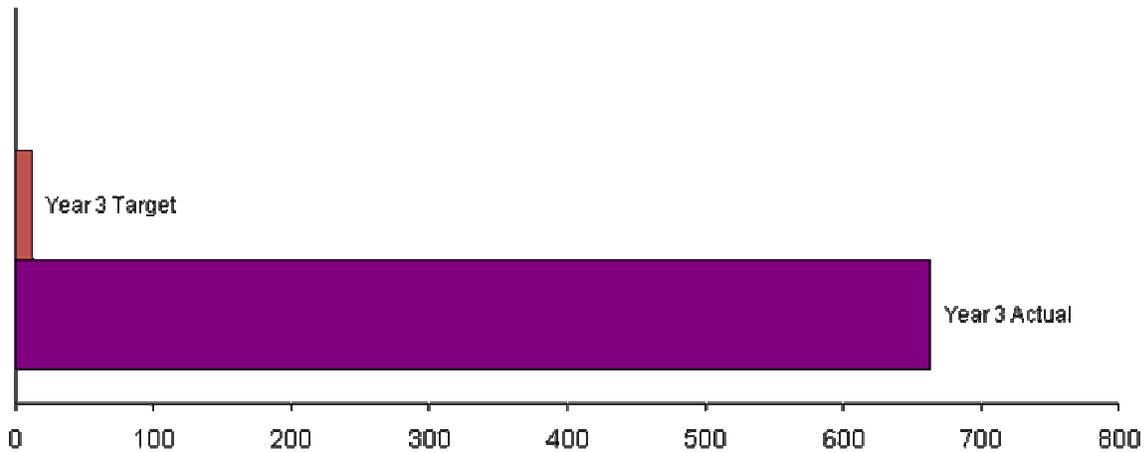
**IR.1.3.1 (5) Increased Competitiveness of Key Sectors**

**Indicator:** Number of new start-ups in target sectors, Kosovo wide

*Definition of the indicator:* Number of new start ups, disaggregated by micro enterprise and sector.

*Data Source:* Data is received from the Agency for Business Registry (ABRK) of the Ministry for Trade and Industry (MTI).

Number of new start-ups in target sectors



Annual Results. This indicator is reported annually.

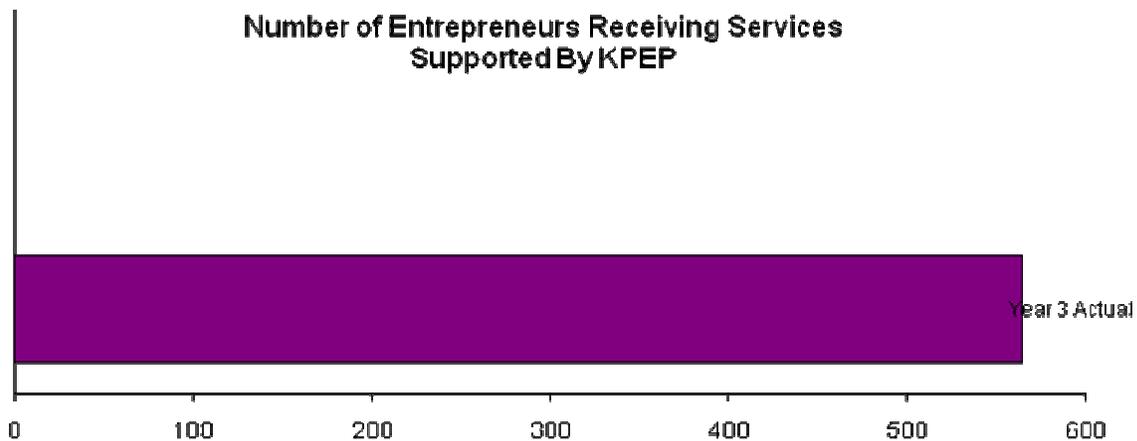
**IR.1.3.1 (6) Increased Competitiveness of Key Sectors**

**Indicator:** Number of entrepreneurs receiving services supported by USAID

*Definition of the indicator:* Number of entrepreneurs receiving services directly by KPEP or indirectly through associations supported by USAID

*Data Source:* Data received from sector specialists.

Number of Entrepreneurs Receiving Services Supported By KPEP



Annual Results. Any service provided, other than training (which is reported under Indicator 1 on workforce development component) is included and reported under this indicator. The list of services provided, among others, includes: study tours, HACCP

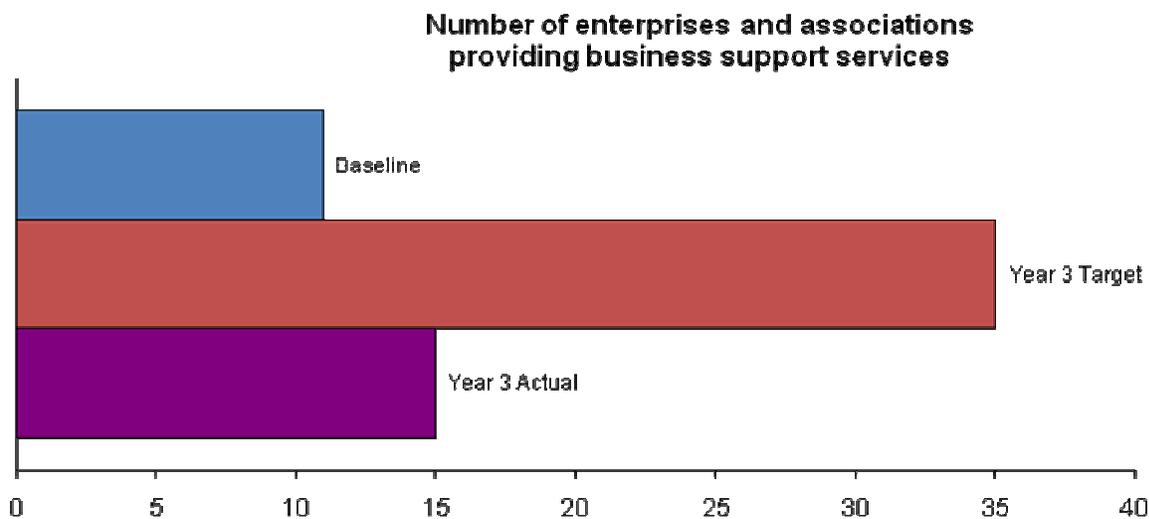
assessment survey, trade and business linkages, etc. To this list are added also enterprises which are not direct KPEP clients but that received KPEP support through grants and sub-contracts. To date, the total number of 564 entrepreneurs received services supported by KPEP.

**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.



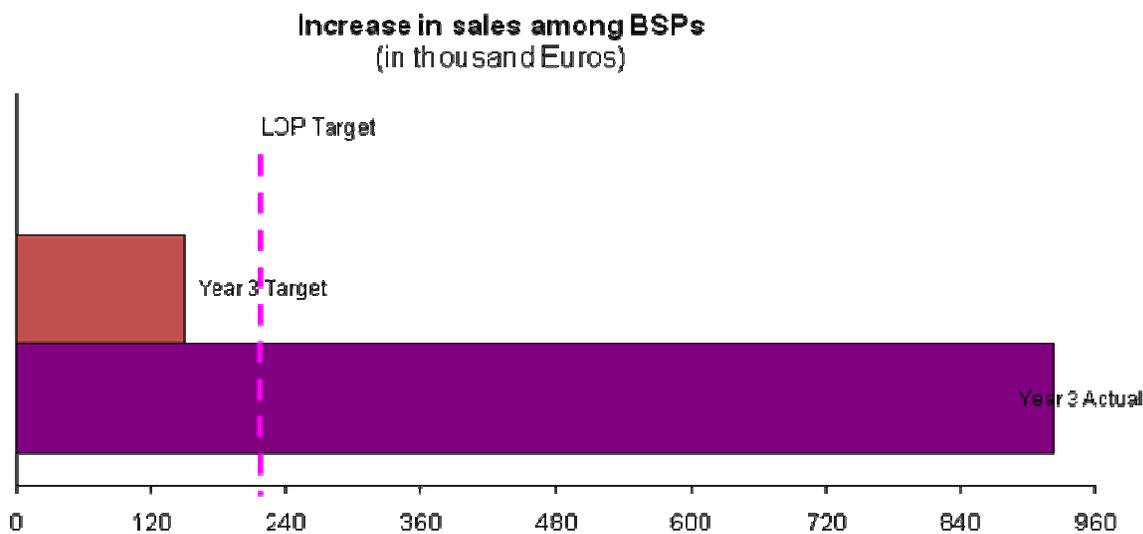
*Annual Results.* The total number of 15 BSPs are on the list of KPEP assisted BSPs. No new companies were added during the last quarter, due to the fact that the activities in component two were diverted from work with business consultants and other service providers, to associations.

**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.



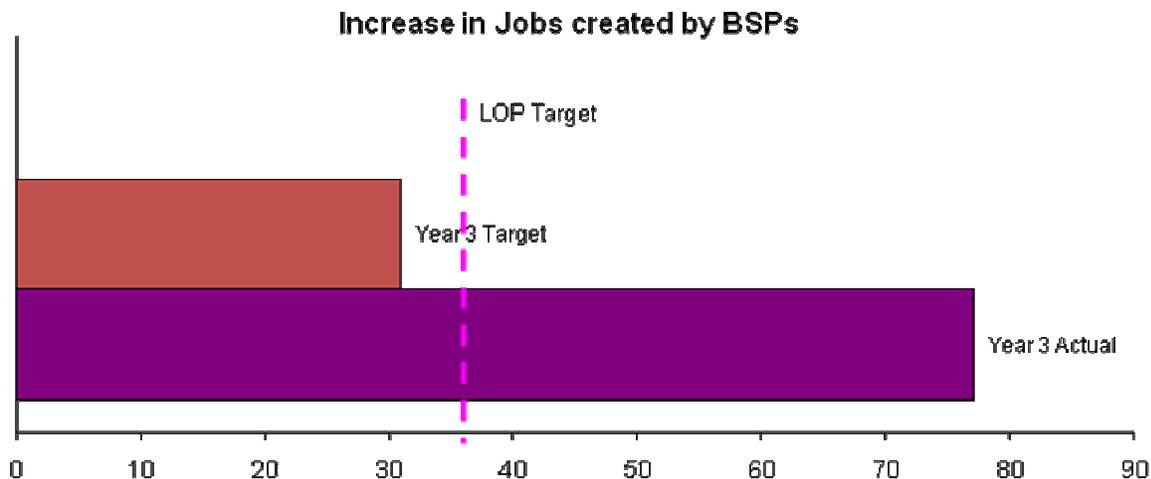
*Annual Results.* The target cumulative increase in sales for Year 3 is €150,000 over the baseline. The cumulative increase in sales to date is €921,840, which already exceeds LOP target increase in sales of €200,000. During the last quarter, there was an increase in sales comparing to the baseline data of €169,538.

**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.



*Annual Results.* The target cumulative increase in FTE jobs over baseline for the Q1 of the Year 3 is 21. The cumulative increase in FTE jobs to date is 77, which already exceeds LOP target increase of 36 FTE jobs. During the last quarter, there was an increase of three new FTE jobs.

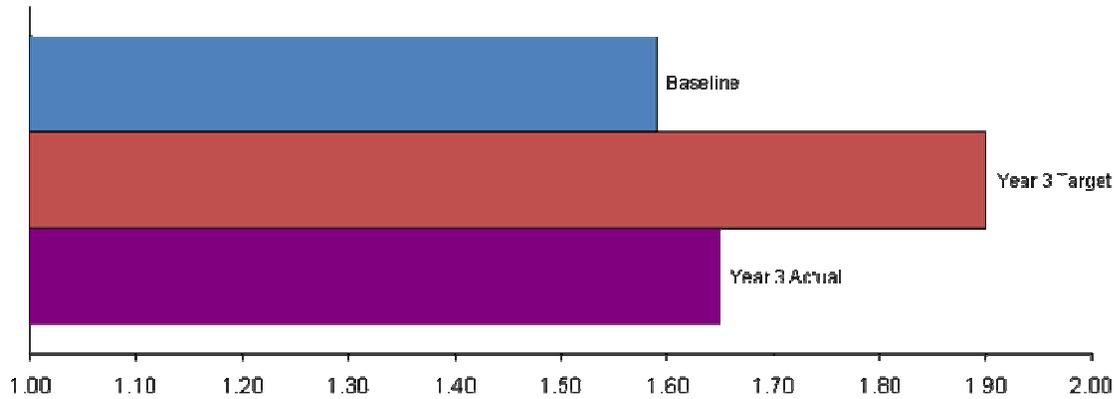
**IR.1.3.2 (4) Improved and Demand Driven Business Support Services**

**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 was conducted during September 2009.

Progress on the Association Development Index



*Annual Results.* No changes to report during this quarter. The graph shows the current score of the progress on ADI which is at 1.65 median score as of September 30, 2009. This indicator is reported only on annual basis. The next annual survey will be during the second quarter of FY 2011.

**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.



*Annual Results.* The cumulative target for the number of consultants trained or certified to provide business support services for Year 3 is 240. No changes were reported during this quarter, since USAID asked from KPEP to deemphasize the work with consulting firms. The actual result presented in the chart is the same as in the previous report. During the first year, 19 consultants were certified in the “Kosovo Premier Advisor” training course.

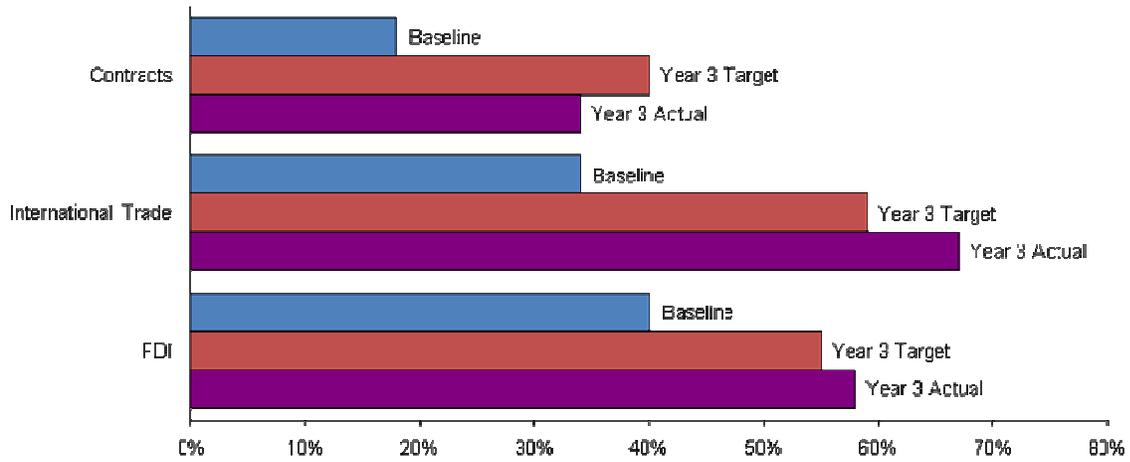
**IR.1.3.3 (1) Improved Business Operating Conditions**

**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 has been conducted on January 2010 to update BizClir Index for 2009.

**Progress on BizCLIR Indicators**



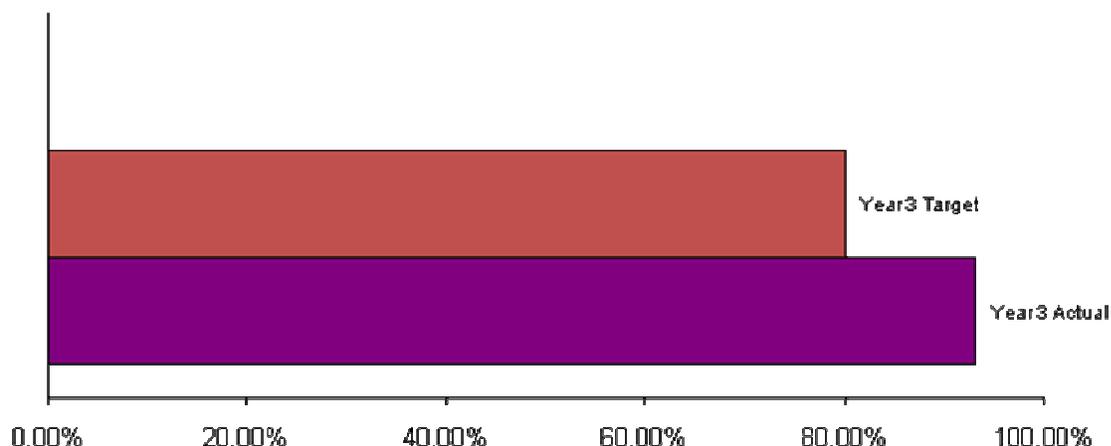
*Annual Results.* KPEP will discuss with USAID the possibility to reassign this indicator to the new BEE project.

**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.

*Data Source:* Data received from BEE team.

**Progress on the Policy Index**

Annual Results. Below are highlighted activities of the BEE team during this quarter:

- Policy: Removal of Tariffs on certain wood imports to assist growth in wood products sector and to reduce illegal logging
  - Activities: The issue of taxation for wood imports has been addressed to the Ministry of Finance through AmCham.
- Law on Construction
  - Activities: Revised draft law submitted to USAID for further actions.
- Tourism Law
  - Activities: The Law Tourism has been adopted by the Assembly on Feb 11, 2010, and decreed by the President on March 2, 2010. It was published in the Official Gazette on March 17, 2010, and entered into force 15 days from its publication in the Official Gazette.

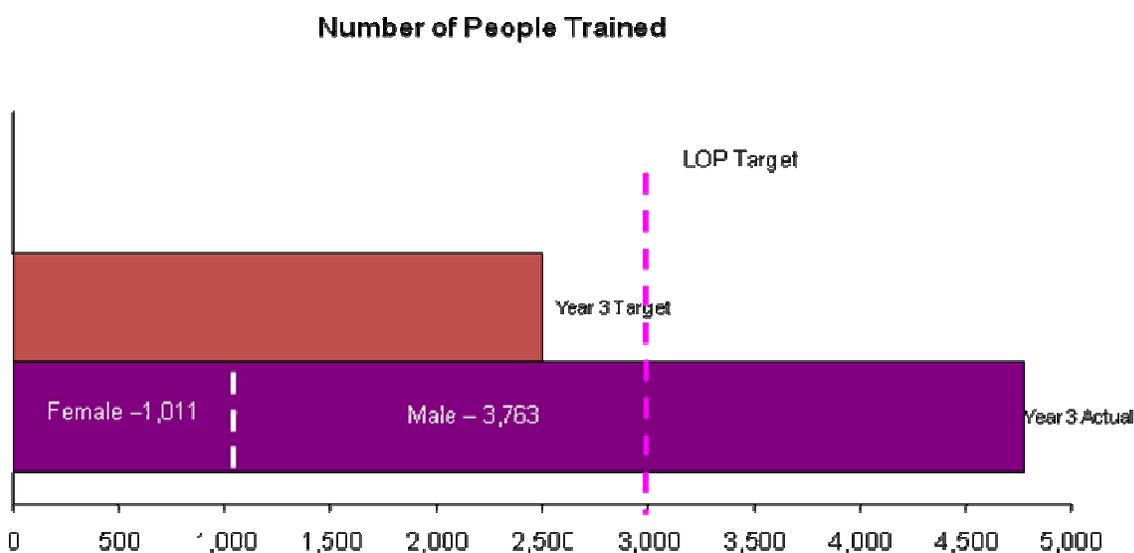
Overall score for all policies to date is 93%, calculated as weighted average for completion of all policies taken together. The target set for the Year 3 on Policy index is set at 80%.

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

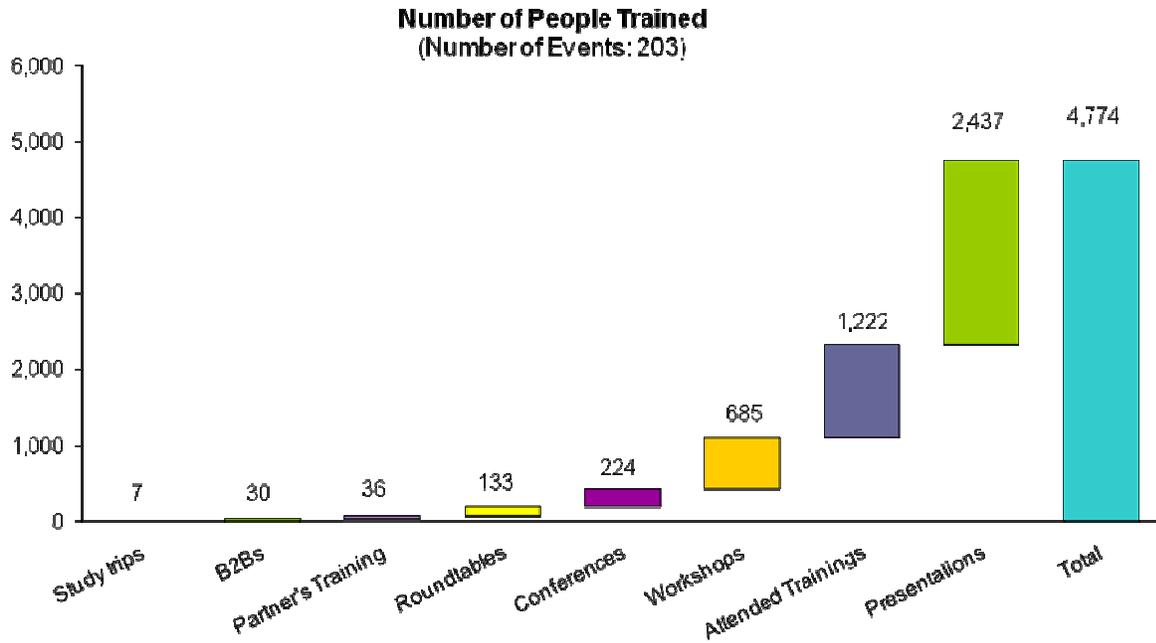
**Indicator:** The number of individuals trained through USAID sponsored training

*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.



*Annual Results.* To date, the number of people trained is 4,774, thus exceeding the LOP target of 3,000 people trained. During the last quarter, this number was 591. From the total number of people trained during the LOP, 3,763 were male and 1,011 female, 264 were the people from minority areas, and 1,017 were below 25 years old. Below is the chart that presents number of training events, and number of people trained by training category for the LOP.

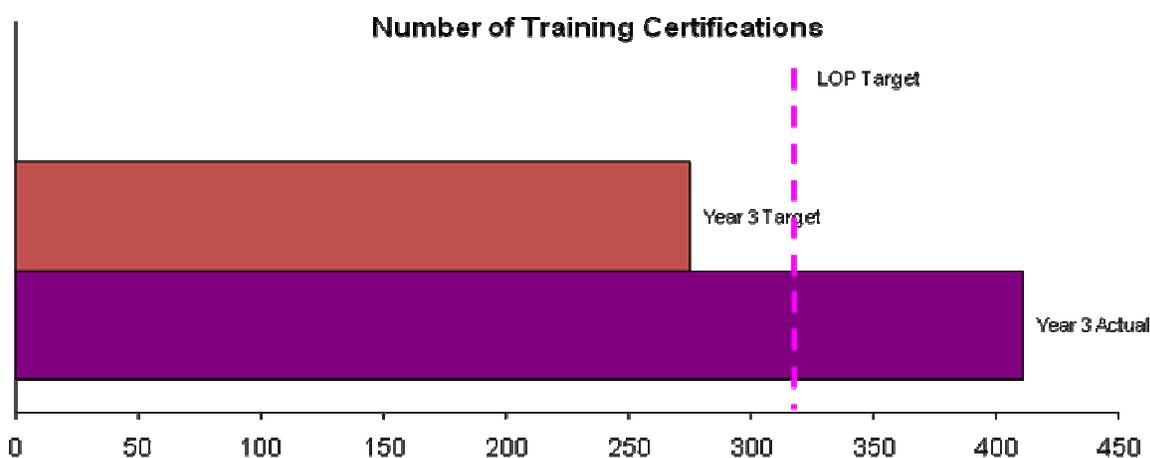


**IR.1.3.4 (2) Improved Capacity of the Workforce to Engage in Employment Opportunities**

**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.



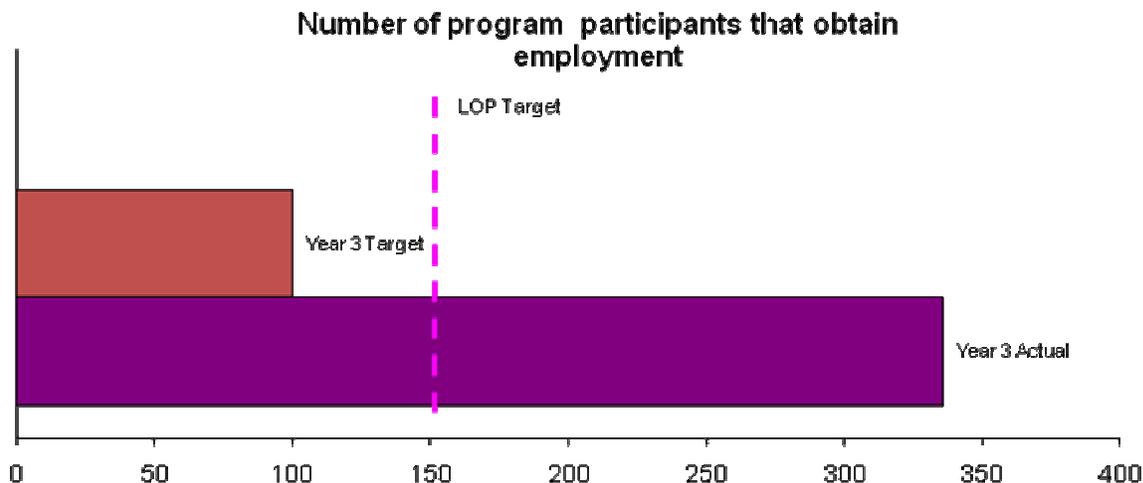
*Annual Results.* To date, the number of training certifications earned by participants for completing the training is 411. During this quarter, the training certifications were issued to the participants of the Accounting and Finance analysis training and to the Business and Economics Interns program.

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

**Indicator: Number of program participants that obtain employment**

*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.



*Annual Results.* To date, in total 336 people obtained employment with support of KPEP program. During this quarter, 201 people obtained employment. The main contributor for this significant increase in employment was training provided to the employees of the textile company Kosovatex, which resulted in 179 new jobs, created. KPEP provided grant for this training. Another 22 jobs were generated from the following activities: Accounting and Finance analysis training (four jobs), Business and Economics Interns program (10 jobs) and Wood Industry Job fair (eight new jobs).

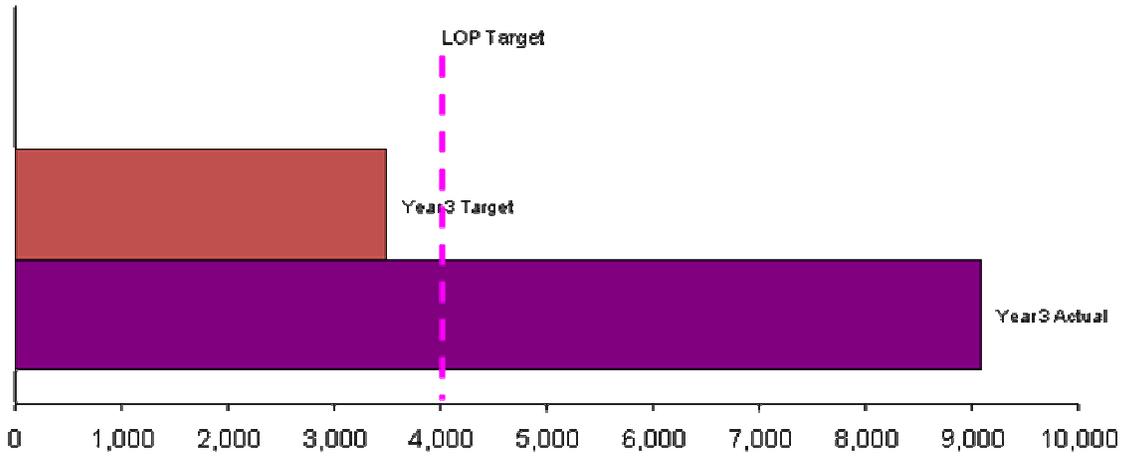
**IR.1.3.4 (4) Improved Capacity of the Workforce to Engage in Employment Opportunities**

**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. It excludes number of people trained since it is reported under Indicator of IR.1.3.4 (1).

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

Number of Individuals Provided with Services



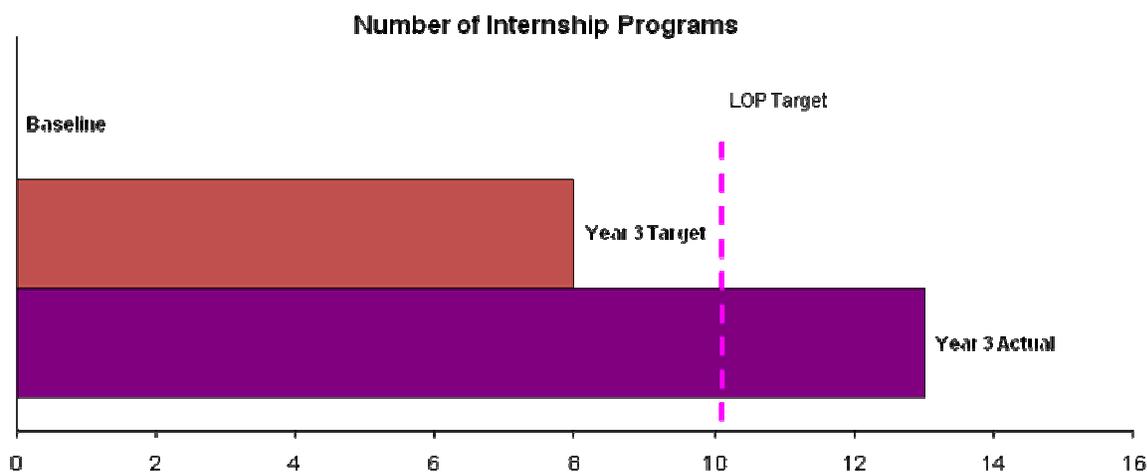
*Annual Results.* To date, the number of individuals provided with services is 9,078. No changes were reported during this quarter.

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

**Indicator: Number of Internship programs**

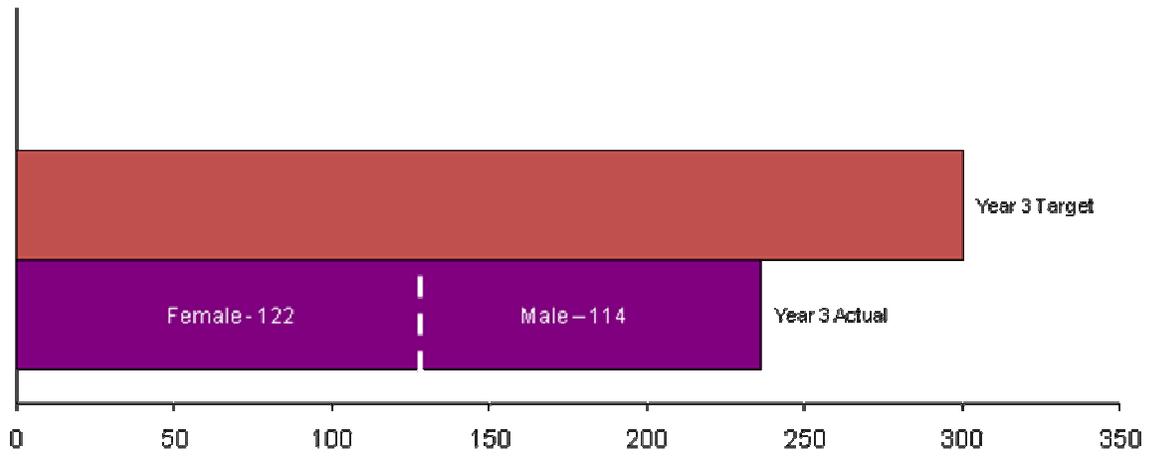
*Definition of the Indicator:* Internships include any sort of embedded training or on the job training.

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



*Annual Results.* To date, KPEP organized thirteen different activities related to internships. Some of the internship programs were: Dairy Internship, Kosovo Business Case Challenge, Job Fair and Marketing VET in Peja/Pec, Business and Economics Interns Presentation skills, Academic writing and career development training, Accounting and Financial Analysis, Wood Industry Internship, Kosovo Business Case Challenge 2010, Amcham Job Fair, and Tourism Job Fair. There were in total 236 interns (122 female and 114 male). No changes were reported during this quarter.

Number of Students in Internship Programs

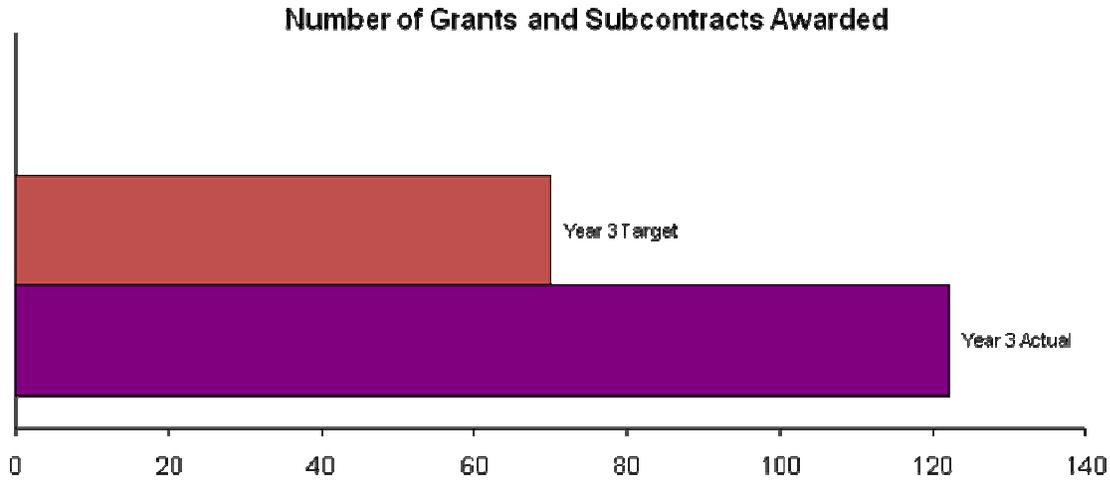


**Strategic Activities Fund**

**Indicator: Number of grants/sub-contracts**

*Definition of the Indicator:* Number of grants and sub-contracts awarded.

*Data Source:* Data received from SAF specialist.

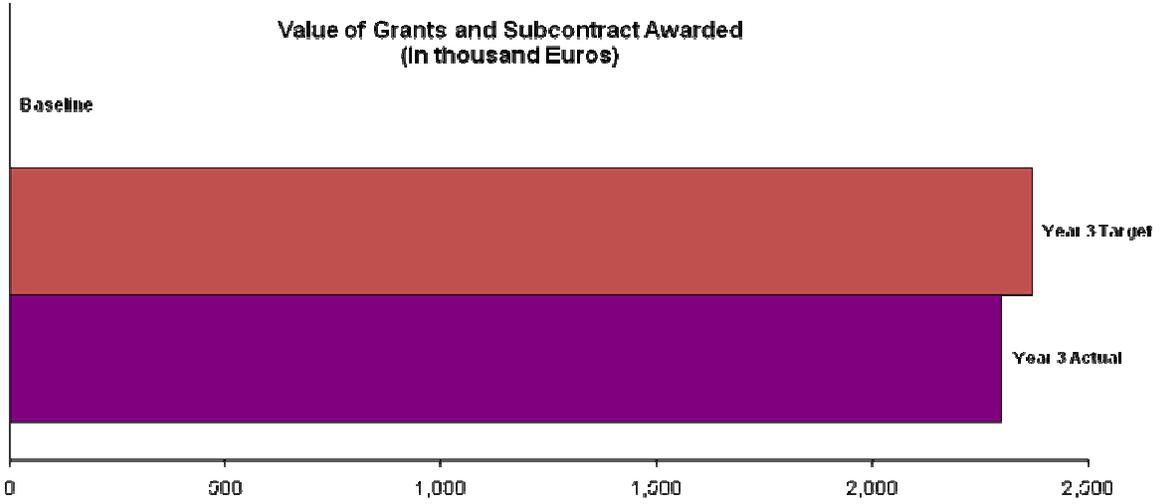


*Annual Results.* To date, there were 122 grants and sub-contracts awarded, from which 48 were contracts and 74 grants.

**Indicator: Value of grants and sub-contracts**

*Definition of the Indicator:* Value of grants and sub-contracts awarded.

*Data Source:* Data received from SAF specialist.



*Annual Results.* To date, the value of grants and sub-contracts awarded was €2,246,958, from which €729,103 were sub-contracts and €1,319,554 for grants.

## Annex 2. PMP Report - Annual Goals and Results

SO# IR#	SO Name	Unit measure	Base- line Year	Base-line Value	2009 Target	2009 Actual	2010 Target	2010 Actual	2011 Target	2011 Actual	2012 Target	2012 Actual
<b>1.3</b>	<b>Accelerated Growth of Private Sector</b>											
Indicators												
<b>1 (AR)</b>	Exports as % of imports, by sector	Percent	2008	10.2%	11.0%	0.0%	11.5%	12.8%	12.0%	14.2%	13.0%	0.0%
2	Foreign direct investment, by sector	Thousand Euros	2008	357,400	430,000	291,500	451,000	354,300	475,000	354,300	500,000	0
3	Value of sales, by sector	Thousand Euros	2008	4,418,000	4,900,000	4,552,795	5,400,000	3,294,933	6,000,000	808,320	6,700,000	0
4	Number of people employed, by sector	Number	2008	481,000	488,000	496,708	512,000	517,594	523,000	517,594	534,000	0
<b>1.3.1</b>	<b>Increased Competitiveness of Key Sectors</b>											
Indicators												
1	Increase in sales in target sectors over the baseline	Euros	2008	121,896,489	8,000,000	13,177,698	20,000,000	41,003,603	40,000,000	49,903,205	50,000,000	0
	% increase in sales over current baseline	Percent	2008	0	9.4%	25.7%	16.4%	33.6%	32.8%	40.9%	41.0%	0.0%
2	Increase in investments in target sectors	Euros	2008	0	3,200,000	9,570,686	8,000,000	15,256,256	16,000,000	17,342,095	20,000,000	0
<b>3 (AR)</b>	Increase in jobs created in target sectors	Number	2008	1,751	800	293	2,000	1,590	4,000	1,788	5,000	0
4	Number of enterprises assisted in target sectors	Number	2008	36	61	47	85	66	110	72	140	0
5	Number of new start-ups in target sectors	Number	2008	0	7	448	12	663	16	663	20	0
6	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	0	496	500	539	TBD	564	TBD	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	15	30	15	35	15	40	0
2	Increase of sales among BSPs	Euros	2008	1,768,442	40,000	236,566	110,000	752,302	150,000	921,840	200,000	0
3	Increase in jobs created among USAID supported BSPs	Number	2008	93	8	23	18	74	31	77	36	0
4	Progress on the Association Development Index	Median score	2008	1.59	1.60	1.65	1.70	1.65	1.90	1.65	2.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	19	150	19	240	19	300	0
1.3.3 Improved Business Operating Conditions												
Indicators												
1	<b>Progress on the Business Environment Index (BizCLIR)</b>											
1.1	<b>Contracts</b>	<b>Percent</b>	<b>2008</b>	<b>18%</b>	<b>25%</b>	<b>0%</b>	<b>32%</b>	<b>34%</b>	<b>40%</b>	<b>34%</b>	<b>50%</b>	<b>0%</b>
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0%	19%	21%	24%	21%	30%	0%
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0%	44%	41%	55%	41%	69%	0%
1.2	<b>International Trade</b>	<b>Percent</b>	<b>2008</b>	<b>34%</b>	<b>41%</b>	<b>0%</b>	<b>49%</b>	<b>67%</b>	<b>59%</b>	<b>67%</b>	<b>70%</b>	<b>0%</b>
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0%	53%	82%	63%	82%	74%	0%
1.2.2	Implementing Institutions (H.2)	Percent	2008	27%	40%	0%	47%	45%	56%	45%	65%	0%
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0%	47%	73%	56%	73%	65%	0%
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0%	50%	61%	62%	61%	76%	0%

<b>1.3</b>	<b>Foreign direct investment, by sector</b>	<b>Percent</b>	<b>2008</b>	<b>40%</b>	<b>48%</b>	<b>0%</b>	<b>52%</b>	<b>58%</b>	<b>55%</b>	<b>58%</b>	<b>60%</b>	<b>0%</b>
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0%	49%	74%	52%	74%	57%	0%
1.3.2	Implementing Institutions (K.2)	Percent	2008	36%	45%	0%	49%	53%	52%	53%	57%	0%
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0%	65%	76%	70%	76%	76%	0%
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0%	43%	43%	47%	43%	50%	0%
<b>2</b>	<b>Progress on the policy index</b>	<b>Percent</b>	<b>2008</b>	<b>0</b>	<b>70%</b>	<b>72%</b>	<b>75%</b>	<b>92%</b>	<b>80%</b>	<b>93%</b>	<b>85%</b>	<b>0</b>
<b>1.3.4</b>	<b>Improved Capacity of the Workforce to Engage in Employment Opportunities</b>											
<b>Indicators</b>												
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	1,620	1,400	4,183	2,500	4,774	3,000	0
2	Number of training certifications	Number	2008	0	80	20	160	252	275	411	325	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	2	20	135	100	336	150	0
4	Number of individuals provided with services	Number	2008	0	800	7,326	1,600	9,078	3,500	9,078	4,000	0
5	Number of internship programs	Number	2008	0	3	3	6	13	8	13	10	0
<b>Strategic Activities Fund</b>												
<b>Indicators</b>												
1	Number of grants/sub-contracts	Number	2008	0	20	26	45	66	70	122	90	0
2	Value of grants and sub-contracts	Euros	2008	0	400,000	447,837	1,750,000	1,335,357	2,370,000	2,048,658	2,625,000	0

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2011 Target	Q1 2011 Actual	Q2 2011 Actual	Q3 2011 Actual	Q4 2011 Actual	2011 To Date
1.3	<b>Accelerated Growth of Private Sector</b>									
Indicators										
1 (AR)	Exports as % of imports, by sector	Percent	2008	10.2%	12.0%	14.2%				
2	Foreign direct investment, by sector	Thousand Euros	2008	357,400	475,000	0				
3	Value of sales, by sector	Thousand Euros	2008	4,418,000	6,000,000	808,320				
4	Number of people employed, by sector	Number	2008	481,000	523,000	0				
1.3.1	<b>Increased Competitiveness of Key Sectors</b>									
Indicators										
1	Increase in sales in target sectors	Euros	2008	121,896,489	40,000,000	8,899,602				
2	Increase in investments in target sectors	Euros	2008	0	16,000,000	208,583				
3 (AR)	Increase in jobs created in target sectors	Number	2008	1,751	4,000	198				
4	Number of enterprises assisted in target sectors	Number	2008	36	110	6				
5	Number of new start-ups in target sectors	Number	2008	0	16	0				
6	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	TBD	25				
1.3.2	<b>Improved and Demand Driven Business Support Services</b>									
Indicators										

1	Number of enterprises and associations providing business support services	Number	2008	11	35	0				
2	Increase of sales among BSPs	Euros	2008	1,768,442	150,000	169,538				
3	Increase in jobs created among USAID supported BSPs	Number	2008	93	31	3				
4	Progress on the Association Development Index	Median score	2008	1.59	1.90	0.00				
5	Number of consultants trained/certified to provide business support service	Number	2008	0	240	0				
<b>1.3.3</b>	<b>Improved Business Operating Conditions</b>									
Indicators										
<b>1</b>	<b>Progress on the Business Environment Index (BizCLIR)</b>									
<b>1.1</b>	<b>Contracts</b>	<b>Percent</b>	<b>2007</b>	<b>18%</b>	<b>40%</b>	<b>0%</b>				
1.1.1	Supporting Institutions (B.3)	Percent	2007	10%	24%	0%				
1.1.2	Social Dynamics (B.4)	Percent	2007	26%	55%	0%				
<b>1.2</b>	<b>International Trade</b>	<b>Percent</b>	<b>2007</b>	<b>34%</b>	<b>59%</b>	<b>0%</b>				
1.2.1	Legal Framework (H.1)	Percent	2007	41%	63%	0%				
1.2.2	Implementing institutions (H.2)	Percent	2007	27%	56%	0%				
1.2.3	Supporting Institutions (H.3)	Percent	2007	35%	56%	0%				
1.2.4	Social Dynamics (H.4)	Percent	2007	34%	62%	0%				
<b>1.3</b>	<b>Foreign direct investment, by sector</b>	<b>Percent</b>	<b>2007</b>	<b>40%</b>	<b>55%</b>	<b>0%</b>				

1.3.1	Legal Framework (K.1)	Percent	2007	43%	52%	0%				
1.3.2	Implementing institutions (K.2)	Percent	2007	36%	52%	0%				
1.3.3	Supporting Institutions (K.3)	Percent	2007	54%	70%	0%				
1.3.4	Social Dynamics (K.4)	Percent	2007	28%	47%	0%				
<b>2</b>	<b>Progress on the policy index</b>	<b>Percent</b>	<b>2008</b>	<b>0</b>	<b>TBD</b>	<b>93%</b>				
<b>1.3.4</b>	<b>Improved Capacity of the Workforce to Engage in Employment Opportunities</b>									
<b>Indicators</b>										
1	The number of individuals trained through USAID sponsored training	Number	2008	0	2,500	591				
2	Number of training certifications	Number	2008	0	275	0				
3	Number of program participants that obtain employment	Number	2008	0	100	201				
4	Number of individuals provided with services	Number	2008	0	3,500	0				
5	Number of internship programs	Number	2008	0	8	0				
<b>Strategic Activities Fund</b>										
<b>Indicators</b>										
1	Number of grants/sub-contracts	Number	2008	0	70	56				
2	Value of grants and sub-contracts	Euros	2008	0	2,370,000	713,301				