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OD AMERIČKOG NARODA

# BUSINESS ENABLING ENVIRONMENT PROGRAM

**HICD FEASIBILITY FINDINGS & RECOMMENDATIONS**

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# BUSINESS ENABLING ENVIRONMENT PROGRAM

**CONTRACT NO.EEM-I-00-07-00008-00 BEEP - KOSOVO**

**FEASIBILITY CHECK FOR HICD SUPPORT TO SELECTED  
ORGANIZATIONS IN KOSOVO**

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## **Acknowledgments**

We thank all these people who received us with kindness, who showed patience for our countless questions, and who placed their knowledge and experience at our disposal

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## EXECUTIVE SUMMARY

From March 19th-23rd a feasibility check was carried out in order to determine if selected organizations in Kosovo could profit from Human and Institutional Capacity Development.

The organizations checked had been selected by the USAID Business Enabling Environment Program. Some organizations had contacted BEEP actively and asked for support.

The organizations checked were:

1. The Central Bank of Kosovo
2. The Ministry of Trade and Industry
3. The Ministry of Environment and Spatial Planning
4. The municipality of Viti
5. The municipality of Hani i Elezit
6. The municipality of Pristina

All organizations were interested in becoming more effective and efficient.

All but one (the municipality of Pristina) were highly interested in getting HICD support.

Due to different specific organizational contexts goals and scope of HICD support would differ from organization to organization:

1. The Central Bank of Kosovo asked for a neutral assessment of its HR function to benchmark it against international standards.
2. The Ministry of Trade and Industry requested a comprehensive HICD assessment of the whole Ministry including recommendations concerning the organizational structure and the organization of work of the Ministry.
3. The Ministry of Environment and Spatial Planning asked for an assessment of two recently merged departments including recommendations for the organizational structure of the newly built unit and its organization of work.
4. The municipality of Viti asked for a comprehensive assessment of the whole municipality and expected recommendations for efficiency gains.
5. The municipality of Hani i Elezit also asked for a comprehensive assessment including recommendations for improvement.

6. The BEEP project assumed that the Municipality of Pristina would be interested in support, therefore a meeting was scheduled. But it turned out that the municipality of Pristina was not interested at all in getting support from outside. The newly appointed Head of Administration considered this his genuine responsibility and obviously already had ideas on how to approach respective issues in his municipality.

In all the cases when the organizations asked for support the request seemed to be driven by a serious interest in improvement. All managers who were present in the interviews gave the impression of being willing to change things and of being in a position to drive change in their organizations. *Therefore HICD projects with all these organizations (with the exception of the municipality of Pristina) should be successful.*

In all cases HICD projects would contribute to major improvements in effectiveness and efficiency of these organizations. The only exception here is the Central Bank of Kosovo. Although improvements in HR can be expected the leverage of HR within the Bank most probably is not very big. Results in overall improvements of the Bank's performance might not be visible at all.

In case USAID decides for HICD support the projects should be launched along the following priorities (for detailed reasons see the following chapter):

Priority 1a: Ministry of Trade and Industry

Priority 1b: Ministry of Environment and Spatial Planning

Priority 1c: Municipality of Hani i Elezit

Priority 1d: Municipality of Viti

Priority 2: Central Bank of Kosovo

## SHORT DESCRIPTION OF HICD APPROACH

The performance of an organization depends on a limited number of variables. It may be a large number, but each variable can be identified. Some of those variables are outside of the organization, some are within. Only one of those many variables is the workforce, is the performer, the person who actually does the job. In most cases the big levers for performance improvement are hidden behind other variables like process design, organization structure, management system, HR system, objectives, feedback loops, resources, etc.

Any HICD project is based on this way of thinking. An HICD project therefore has two phases:

First an assessment identifies the biggest levers for improvement of an organization. The assessment report describes the levers and gives recommendations for improvement strategies. Second the organization that has been assessed and USAID agree on possible interventions to drive improvements. These interventions then will be implemented together with a management system that ensures sustainability of the results.

The methodology behind HICD is Performance Improvement. Performance Improvement is an approach based on systemic consulting theory that explores an organization's situation from the viewpoint of results and achievements (see Rummler & Brache, 1995; Wittkuhn & Bartscher, 2001).

Performance Improvement is a set of models, procedures, and approaches. It systematically displays the variables, which influence the performance of the organization and of its workforce. *Based on this knowledge, performance is analyzed, gaps and opportunities are identified, sustainable improvements implemented, and results monitored.* Improvement interventions might cover reorganizing the entire organization, process (re-)design, system redesign (e.g. HR system, accounting system, etc.), and training of people depending on the level of performance where the gaps are located.

The theory of Performance Improvement establishes three levels of performance: Organization, Processes, Job/ Performer.

One of the main lessons learned in consulting during the last decades is that organization is the key to improving performance. To achieve sustainable high performance with regular people, a well designed organization is needed that provides an environment which enables people to unfold their full potential.

Therefore, a performance assessment should always first focus on the organization. Only when the organizational design is appropriate, assessing its people becomes reasonable.

## FEASIBILITY CHECKS

From March 19-23 a feasibility check was carried out in order to determine if selected organizations in Kosovo could profit from Human and Institutional Capacity Development.

The organizations checked had been selected by the USAID BEEP project. Some organizations had contacted the BEEP project actively and asked for support.

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4. The municipality of Viti
5. The municipality of Hani i Elezit
6. The municipality of Pristina

### Central Bank of Kosovo

In the meeting with the Central Bank of Kosovo the following people were present:

- Governor, Gani Gerguri,
- Deputy Governor, Lulzim Ismajli
- Deputy Governor Nexhat Kryeziu from the BEEP project:
- Roger Nye,
- Teuta Haxhimusa-Cerkini
- Jeta Sahatqija, and
- Klaus Wittkuhn

Central Bank of Kosovo asked for a neutral assessment of its HR function to benchmark it against international standards. This request was driven by a general interest in becoming more efficient. There wasn't any identified HR problem behind the request.

When we talked about the HICD methodology the Governor and his Deputies understood the methodology and its power quite well and they saw the more comprehensive approaches that would be possible when taking an HICD approach. Still they decided to go with their original request. As they don't seem to have any pressing problems that have to be solved in the short term their decision seems to be reasonable. The assessment of the HR function would serve as a pilot in the organization. In case of success the Governor would try to transfer the approach to other departments.

Possible HICD project:

Scope: Assessment of HR function

The Governor seemed to be a determined manager and chances are high that recommendations coming out of an HICD assessment would be implemented consequently and quickly. In so far the Central Bank of Kosovo would be an interesting project. It could serve as a multiplier to make other organizations interested in HICD.

But the fact that there is no pressing problem to solve makes the Central Bank of Kosovo a priority two. Other organizations will benefit more from HICD support.

## **Ministry of Trade and Industry**

In the meeting with the Ministry of Trade and Industry the following people were present:

- Secretary General, Eljana Naka
- Head of HR from the BEEP project:
- Ardian Kryeziu,
- Teuta Haxhimusa-Cerkini
- Jeta Sahatqija, and
- Klaus Wittkuhn

The General Secretary was very interested in improving the efficiency of the Ministry and directly expressed her hope to get USAID support. When she was introduced to the HICD approach she understood well what she could expect to get out of such a project and how much effort it would need on the side of the Ministry. She ensured the BEEP project that an HICD approach was exactly what they needed for the Ministry.

The Ministry is fighting efficiency problems across all departments and doesn't know whether they have the right people in the right positions. This only can be solved via a proper understanding of work and via development of job profiles that match the requirements of work. Once this is done an appropriate organization structure can be designed to support efficient service delivery.

During the meeting we learned that the Ministry had already implemented a project group that had developed suggestions for a new organizational structure. This suggestion was about to be forwarded to the Minister for approval.

When we discussed the HICD approach it quickly became clear that an HICD assessment focuses on effective and efficient organization of work and designs

organizational structures around this understanding of work. The work group suggested an organizational structure based on the needs of the already existing departments, which is a completely different approach and usually supports silo thinking.

An HICD assessment after the implementation of the newly suggested organization structure would most probably lead to a second round of re-organization. Therefore the Secretary General decided during the meeting not to forward the suggestion of the Ministry's working group and put it on hold until the results of the requested HICD assessment would be available. She might be able to postpone the decision on a new organizational structure for three months. This puts time pressure on a possible HICD project. An HICD assessment of the Ministry could be done in about 7 weeks.

Possible HICD project:

Scope: Assessment of the whole Ministry of Trade and Industry with a specific focus on efficient service delivery, organizational structure, and people allocation.

The MTI would profit from an HICD project not only by a more efficient service delivery but also by having a system that allows for appropriate personnel allocation, a more supportive organizational structure and most important by having a management system in place that allows the Ministry to sustain the improvements achieved by the HICD project and to manage a continuous improvement process itself.

As the MTI is of central importance for the development of the business environment in Kosovo the long term impact of such an HICD project would be visible throughout the country.

If one also considers the above mentioned time pressure resulting from the already existing internal working group on organizational structure the MTI is a clear priority one.

## **Ministry of Environment and Spatial Planning**

In the meeting with the Ministry of Environment and Spatial Planning the following people were present:

- Secretary General, Arben Citaku
- from the BEEP project:
- Erdon Gjinolli,
- Teuta Haxhimusa-Cerkini

- Jeta Sahatqija, and
- Klaus Wittkuhn

The Secretary General is fighting with problems similar to the ones experienced at the MTI. Organization of work seems not to be efficient enough, and the Secretary General assumes that a huge percentage of the personnel have not the necessary knowledge and skills for the jobs they are assigned to. Not having appropriate job profiles the match between personnel and jobs is difficult to make. Accordingly organizational structure might not be very supportive either.

The Secretary General sees it as one of his most important responsibilities to organize the Ministry in a way that services can be provided efficiently and to have a clear HR strategy and the necessary tools in place to match jobs and personnel appropriately. Still he has not the expertise to do it and asked for support.

He just merged two departments and has an urgent need to re-organize responsibilities and workflow in the new department. This would be the first unit he wants to work on. Success and lessons learned in working with this department would open other departments' interest in improvement thus preparing the ground for a later roll out of a systematic HICD approach throughout the whole Ministry.

He made the impression that he is willing to make substantial changes in the organization and he seems to be in a position to enforce change.

Possible HICD project:

Scope: Assessment of one department of Ministry of Environment and Spatial Planning with a specific focus on efficient service delivery, workflow organization, responsibilities, organizational structure and job design including people allocation.

The risk of such an approach is that the improvements of this department trigger additional problems for other departments, because the limited scope of the project would (at least at the beginning) not allow for a complete understanding of the whole Ministry. Therefore substantial effort has to go into the design of the interfaces to other departments.

The MESP would profit from an HICD project not only by having an exemplary department that exemplifies principles of organization design for other departments of the Ministry but also by having an exemplary system that allows for appropriate personnel allocation, a more supportive organizational structure and most important by having the nucleus of a management system in place that allows the Ministry to sustain the improvements achieved by the HICD project and to manage a continuous improvement process itself. This nucleus could be used to finally develop a comprehensive management system that is appropriate to manage the whole Ministry.

As the MESP is of central importance for the development of the country the long term impact of such an HICD project would be visible throughout the country. As the project (at least at the beginning) only covers one department of the Ministry the effect would be considerably smaller than the impact of the HICD project with the MTI.

There is also time pressure resulting from the merger of the two departments. This makes MESP also priority one although less important than the MTI because the scope is limited.

## **Municipality of Viti**

In the meeting with the Municipality of Viti the following people were present:

- Chief of Cabinet
- Head of Finance
- Head of Administration
- Head of Human Resources Department
- from the BEEP project:
  - Ardian Kryeziu,
  - Hajdin Ramadani
  - Teuta Haxhimusa-Cerkini
  - Jeta Sahatqija, and
  - Klaus Wittkuhn

The interview partners of the municipality of Viti expressed their concern that the municipality suffers from inefficiencies throughout its entire organization. No specific “hot spots” could be identified. Instead the management team was concerned that any improvement that only focuses on specific parts of the administration could have undesired side effects on other organizational units. Therefore they asked for a comprehensive assessment of the whole administration to be able to identify critical areas, prioritize them, and to translate this knowledge into a comprehensive roadmap towards an improved administration.

The management team not only seemed to be willing to make necessary changes but was actively seeking for support to guide their already existing efforts. They also seemed to be in the position to enforce changes and they seemed to have a mutual agreement on the necessity of improvements.

Viti would profit from an HICD project by a considerably more efficient administration. Citizens would realize the changes because they would get services faster, easier and probably cheaper. An appropriate organization also would lower the risk of corruption.

Therefore an HICD project with the municipality of Viti would be exemplary for a huge number of other municipalities in Kosovo. Lessons learned and solutions developed easily could be disseminated. Viti could take the role of a key communicator and could support other municipalities. A community of practice could evolve around such efforts.

At the beginning the impact would cover a smaller group of citizens than the projects with the Ministries. In addition there is no such time pressure as with the Ministries. Still improving the business environment in the municipalities will have considerable impact on improving the business environment in Kosovo.

This makes an HICD project with the municipality of Viti also a priority one although less urgent than the projects with the Ministries.

## **Municipality of Hani i Elezit**

In the meeting with the Municipality of Hani i Elezit the following people were present:

- Mayor Rufki Suma  
from the BEEP project:
- Ardian Kryeziu,
- Hajdin Ramadani
- Teuta Haxhimusa-Cerkini
- Jeta Sahatqija, and
- Klaus Wittkuhn

The mayor of Hani i Elezit is already working on making his administration more efficient. He responds to citizen requests and complaints quickly and very often is personally involved. Many issues sooner or later seem to end on his desk. Therefore his efforts seemed to be scattered and no clear priorities could be identified. Such a strategy is in itself not very efficient. Still it shows that the mayor is interested in making his administration more efficient and that he personally takes effort to drive improvements. This is a solid base for an HICD project.

As no priority areas could be identified during the interview the mayor asked for a comprehensive assessment of the whole administration. The request seems reasonable and the results not only would guide him on how to improve his administration. The results also would provide him with clear priorities. This would concentrate his personal efforts on areas with high lever and make better use of his limited capacity. His improvement strategy would be considerably improved.

Hani i Elezit would profit from an HICD project by a considerably more efficient administration. Citizens would realize the changes because they would get services

faster, easier and probably cheaper. An appropriate organization also would lower the risk of corruption.

Therefore an HICD project with the municipality of Hani i Elezit would be exemplary for a huge number of other municipalities in Kosovo. Lessons learned and solutions developed easily could be disseminated. Like Viti, Hani i Elezit could take the role of a second key communicator and could support other municipalities. A community of practice approach would be strengthened by having two municipalities of different sizes as opinion leader.

At the beginning the impact would cover a smaller group of citizens than the projects with the Ministries. In addition there is no such time pressure as with the Ministries. Still improving the business environment in the municipalities will have considerable impact on improving the business environment in Kosovo.

This makes an HICD project with the municipality of Hani i Elezit also a priority one although less urgent than the projects with the Ministries.

As Hani i Elezit is considerably smaller than Viti one should start with Hani i Elezit. A smaller municipality is faster and easier to understand. Usually small scale projects are easier and allow for lessons learned that can be very helpful in up-scaling such projects which would be the case when an HICD project with the municipality of Viti would be executed after successful completion of an HICD project with the municipality of Hani i Elezit.

## **Municipality of Pristina**

In the meeting with the Municipality of Pristina the following people were present:

- Head of Administration – Edon Miftari
- Head of Economic Development Department – Agim Dibrani

from the BEEP project:

- Ardian Kryeziu,
- Teuta Haxhimusa-Cerkini
- Jeta Sahatqija, and
- Klaus Wittkuhn

The interview partners were interested in making the administration of Pristina more efficient and pointed to already successfully taken efforts. They considered it one of their major responsibilities and at the same time made it clear that they did not see any necessity for HICD support. The reasons were not clear.

Without a specific interest of the municipality of Pristina and especially of its responsible management personnel an HICD project is a clear no go.