

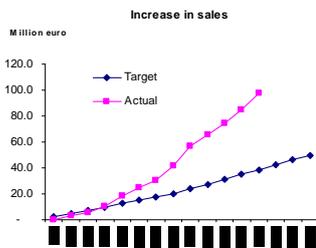


# QUARTERLY REPORT QUARTER ENDING: 31 DECEMBER 2007

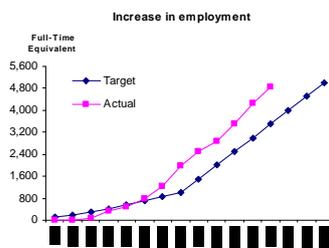
## KOSOVO CLUSTER AND BUSINESS SUPPORT PROJECT



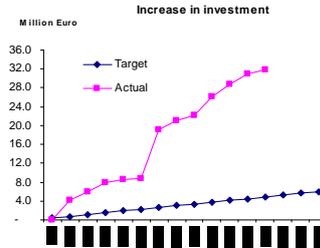
**Increase in Sales**  
(million Euro)



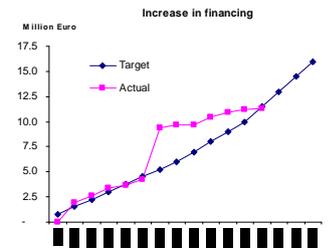
**Increase in Jobs**  
(Full-time Equiv)



**Increase in Investment**  
(million Euro)



**Increase in Financing**  
(million Euro)



14 January 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by the KCBS project team of Chemonics International Inc.

# QUARTERLY REPORT QUARTER ENDING: 31 DECEMBER 2007

---

Kosovo Cluster and Business Support project: "Quarterly Report for Quarter Ending 31 December 2007"  
Contract No. AFP-I-00-03-00030-00, TO #800

This report submitted by Chemonics International Inc. / 19 January 2008

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CONTENTS

## EXECUTIVE SUMMARY

- 1.0 WORK PLAN RESULTS ACHIEVED
- 2.0 DAIRY CLUSTER
  - 2a Milk Production
  - 2b Milk Processing
- 3.0 MEAT CLUSTER
- 4.0 ANIMAL FEEDS CLUSTER
- 5.0 POULTRY CLUSTER
- 6.0 FRUIT AND VEGETABLES CLUSTER
- 7.0 CONSTRUCTION MATERIALS CLUSTER
  - 7a Wood Processing
  - 7b Forest Certification
  - 7c Other Construction Materials
- 8.0 GENERAL BUSINESS SERVICES
- 9.0 MARKETING AND TRADE LINKAGES
- 10.0 STRATEGIC ACTIVITIES FUND MANAGEMENT
- 11.0 PERFORMANCE BASED MANAGEMENT SYSTEM
- 12.0 COMMUNICATIONS AND PUBLICITY

## PERFORMANCE DATA

## STRATEGIC ACTIVITIES FUND DATA

## PROJECT PHOTOGRAPHS

## EXECUTIVE SUMMARY

The KCBS project continues to exceed the targets set for it at the start of the program, except in the case of financing. The cumulative changes in primary indicators in the 39 months of the project to date, and attributable to KCBS interventions, are:

- An increase in the value of the sales over baseline of €97.4 million.
- An increase in employment of 4,842 new jobs
- An increase in capital investment of €31.7million
- An increase in the value of financing of €11.3 million

The level of financing by our clients has hardly risen in the past eighteen months. In the last quarter, only €140,000 was raised by KCBS clients. This reflects the continuing opinion amongst the private sector that terms and conditions offered by the banks and microfinance institutions are unfavorable – a charge that the institutions repeatedly deny. They claim that the inherent risks of lending in Kosovo coupled with a low rate of deposits necessitate these conditions. KCBS efforts to introduce new financing instruments, such as purchase order financing and leasing, stalled when the major banks with which we were working underwent a buyout and attendant restructuring. Other institutions were slow to take the initiative. However, we are advised that all will start their new programs in the first quarter of 2008.

Credit for the achievements of the KCBS program continues to be owed to the Kosovo business owners who have responded to the challenges in the private sector of promoting economic growth in Kosovo. KCBS has merely been a facilitator and advisor to assist the businesses in taking the most appropriate action to maximize their positions in the market. More and more these actions are being taken independent of KCBS intervention. This is the greatest success of the program.

Clients in the Livestock cluster continue to suffer from the world-wide rise in feed prices. KCBS has been active in trying to find guaranteed sources of feed as neighboring countries all take measures to protect feed availability for their own farmers. Nonetheless, sales and employment in this cluster continues their steady upward course. In the last year of the project, much attention is being given to consolidating the improvements already made at the larger commercial farmers and in communicating the better practices to a wider constituency of medium size farmers. Such improvements in the dairy cluster address reproductive efficiency in cattle, implementation of GMPs, improving quality management all along the value chain, development of new products especially yoghurts and cheeses, and finding new markets for the same. In the animal feed cluster KCBS continues to work with local associations, NGOs and the Ministry of Agriculture [MAFRD] in improving pasture management and the nutrient yields per hectare. KCBS also ran trials to identify the most productive alfalfa varieties in terms of seed production for seed multiplication and for forage production.

This quarter, KCBS imported 21 purebred Lacaune sheep from Switzerland. During the quarantine period KVFA took blood samples and did analyses for the infectious diseases of bluetongue and brucellosis. All proved negative. This sub-project introduces new, more productive breeds of sheep to Kosovo, demonstrates better feeding practices and strengthens the University's sheep research programs. The results of the trials will be disseminated through seminars, demonstration trainings at the University research barn and through publications.

The new breeder farm set up at Gjini Tag hatched almost 100,000 day-old chicks with an approximate value of €45,000. Gjini Tag has already started plans for replacement of the breeder flock later this year. Since implementing the grant, he has purchased a small capacity-grading machine which will enable him more accurately to separate and sell the smaller eggs that are less likely to produce a viable baby chick. By maximizing the hatch rate and the hatching capacity of the incubators, he will significantly lower his operational costs. One KCBS objective is to complete the poultry chain in Kosovo by supporting the implementation of a broiler facility. Several options were explored in the quarter, including setting up a small slaughterhouse in a minority returns village in Babush; awarding a grant to

Aves-Prom in North Mitrovica to start construction of a slaughterhouse; coordinating with CARE International regarding support to a KCBS client, KoniSoni, for a larger facility than the other two; and talking with an investor with businesses in Germany and Spain who has shown interest in investing in broiler production. KCBS hopes one of these initiatives will come to fruition before the end of the project.

All Livestock sub-clusters addressed the continuing challenge of ensuring farmers keep more accurate and better detailed records in their farm management. In this regard, it is satisfying to report that the three clients, Maloku, Jazi and Gjini Tag, are extremely pleased with the accounting software financed by KCBS and developed by Informatika which was installed at their facilities. Other KCBS clients have expressed interest in getting the software for their operations.

Much of the work in the Fruits and Vegetables Cluster was in bringing on-stream the improved productive capacity resulting from grants made during the year, and in holding in-plant training sessions for farmers and processors for them to learn from some of the new installations. Such installations included: drip irrigation systems at three orchards; frozen storage facilities at two fruit processors; refrigerated chambers for the long-term storage of apples at an association of six orchards. Where equipment was only recently installed, the training sessions for the wider community will take place in the next quarter.

KCBS continued to assist the two new, modern, for-profit Cooperatives, which it had formed earlier in the year, and which finally achieved registration this quarter. KCBS conducted a series of trainings in how cooperatives function, and another series of meetings and visits has been launched to expose the members of these cooperatives to new marketing opportunities. The Fruits and Vegetables Cluster was the only one to show an increase in financing; this is largely attributable to KCBS's weekly meetings with loan officers of MFIs and commercial banks in the Rahavec area to increase their abilities and confidence in making agricultural loans through hands-on experience. KCBS commissioned a BSP to conduct research into the varieties of raspberries, blackberries, red currants and black currants that not only can be successfully cultivated in Kosovo but also have positive, definable international sales opportunities. These berries, recommended by KCBS, can be planted and cultivated near existing freezing facilities, two of which were constructed through KCBS cost-sharing grants, with the farmers assured that their post-harvest handling problems are already solved. The findings of the report will be disseminated to farmers next quarter.

KCBS provided further technical advice to new clients in the wood processing industry, mainly improving their production planning and workflow arrangements. Often this assistance is requested after an important export order has been received, and the processor realizes he has many problems to solve if he is to meet the order requirements. The growth of exports in the industry has led to greater demands for kiln-dried lumber, and KCBS has assisted two companies in rehabilitating their kilns to meet this demand. KCBS has retained excellent relations with the Association [AWPK] and has partnered the German Development Agency, GTZ, in providing support for study tours, attendance at trade shows, and creating market linkages. Unfortunately, on several of the initiatives, the Kosovo companies failed to follow through with the necessary diligence and commitment and the partnering organization lost interest.

KCBS in cooperation with World Learning have continued to support the forest certification process. A training program was presented in two one-week trainings to 18 individuals selected from government institutions, Prishtina University, NGOs and Associations, Local Government and other Stakeholders in the forestry sector. The objective of this course was to inform stakeholders of the steps that must be pursued if Kosovo's forests are to be certified, an essential element of which is the formation of a National Working Group. Three of the major constraints to achieving this objective are: financing inventory activities on registration of forestry assets; development of long-term management plans; and providing a mechanism for return of the funds generated from the sale of wood and non-wood products to the respective geographic areas where they were generated.

KCBS worked with company owners and management boards of construction materials manufacturers to assess current management strengths and weaknesses. In the next quarter KCBS will carry out a detailed assessment of the improvements to be made at each plant, and develop an improvement plan. This process started in detail with the clay blocks producer "Tulltorja". A second STTA assignment in November assisted "Tulltorja" in planning for the installation of a new production line. KCBS is focused on this plant because up to now the company has invested over €8 million, one of the largest investments in Kosovo for a production facility. It has the capacity to supply 40% of Kosovo's clay block needs, and to substantially reduce imports, but many improvements must be made if this is to be realized.

KCBS promoted use of new technology in production and processing of materials and brought a Swiss machinery company representative to Kosovo to meet with local companies. The company will send engineers to assess asphalt and concrete plants and offer solutions for upgrading according to EU standards. KCBS worked with asphalt and concrete producers in drafting a proposal to Kosovo's new government pleading for all government procurement to mandate a bid package that is entire in itself, i.e. it consists of an explicit design and technical specifications for both materials and workmanship. KCBS and RCAK will advocate next quarter with Ministries responsible for issuing tenders.

In response to an urgent USAID request, KCBS initiated in October a two-month environmental clean project in three municipalities, all of which had high unemployment. Uncontrolled construction, deteriorating storm water/sewage networks, and mountains of trash, which have been accumulating for years near residential areas and in rivers, are some of the factors contributing to the pollution. This project sought to clean-up rivers in the town centers, and areas around housing complexes and schools. In two months 850 tons were delivered to the designated landfill; and private operators removed a further 400 tons for sorting out recyclable materials.

KCBS continues to strengthen business associations enabling them to remain sustainable in the long term. Their dependence on donor funds diminishes, and the two associations of wood processors and of concrete producers, in particular, are moving towards donor independence. KCBS worked with eleven associations and injected support through grants for specific activities – trade shows, training sessions, creating new services, and advocacy campaigns. The Alliance of Kosovo Business [AKB] completed its initiative to address the problem of the Informal Economy in Kosovo.

Under a KCBS grant, Amcham organized a second job fair. Twelve companies participated, including two private universities, and the fair attracted around 700 attendees. KCBS attended AmCham's Business Ethics Conference. The Special Representative of the Secretary General [SRSG], a representative of the US office and other key speakers that addressed the conference put the emphasis on the need for ethical businesses and a business friendly environment in Kosovo. Under another grant, KCBS supported strengthening the capacities of the legal office of the Kosovo Chamber of Commerce [OEK] and improving the quality of services offered to its members. The office started to generate revenues from its clients. KCBS held the first workshop under the KCBS training program for association executives entitled "The role of an association executive in revenue generation and fundraising." The event had 22 participants, representing all KCBS supported associations, including representatives from OEK's legal office. This workshop will be followed by a series of five similar training events planned for 2008 on best association management practices.

Together with BAS/EBRD Program KCBS co-hosted the first Business Development Services forum, which served to increase awareness among the private sector of the benefits of professional consultancy services. The high presence of donors gave the meeting the character of an industry roundtable, where donors presented their projects in support of the business consultancy sector. Another topic of discussion was how to promote best industry practices, such as the adoption of internationally recognized consultancy standards, codes of conduct of the profession and transparency among industry members.

KCBS and OEK have been hosting monthly Steering Committee meetings for the Marketing Internship program scheduled for next summer. KCBS targeted 21 of its clients across all three clusters that may benefit most from the program. After having met with most of these businesses individually to present an overview of the program and the qualifications required for them to participate, seven firms committed to the program; remaining three companies will be recruited by the OEK beginning in 2008.

KCBS launched the Dairy Market Research Study. By the end of the quarter the key survey design for 800 consumer interviews, focus group methodology, questionnaires and detailed desk research workplan had all been approved. Focus groups have begun and will continue throughout the second quarter along with all other primarily data collection and interviews. KCBS organized a fee-based "packaging and design" half-day workshop for the top qualified agencies/designers in Kosovo along with all KCBS food clients and the Alliance of Kosovo Businesses [AKB] members interested in learning more about the business side of design and proper packaging techniques. A total of 52 attendees were present, representing twelve food processors companies, eight design agencies and four packaging producers from Macedonia, Serbia and Kosovo, who exhibited their printing, labels and containers.

During the quarter six biweekly E-Newsletters were published under the byline "*A project feedback to our stakeholders*". They were distributed electronically to nearly 300 recipients on the mailing list, including ministries, governmental agencies, associations, donors, KCBS partners and even private businesses. The newsletters are published in three languages: English, Albanian and Serbian. In addition 400 Albanian language hard copies, and 100 English language hard copies are distributed to centers where the general public can pick them up. Each edition had one long article of approx. 600 words, and two short articles of approx. 300 words. KCBS's work featured on several of the Radio & Television Kosovo [RTK]'s weekly TV program "Bujku". This is an excellent medium for KCBS to promote its work among the farming community and KCBS has proposed changes to the timing and format of the program to make it even more effective.

On the project to date, KCBS has awarded 61 fixed price subcontracts [56 completed], 59 grant agreements [37 completed], and four material procurement contracts [4 completed] for a total award of \$2,508,981; of this, \$2,006,177 has been disbursed. The amount awarded represents 89.0% of the revised SAF budget of \$2,818,692.

This Quarterly report summarizes progress made in the calendar quarter just ended towards objectives set out in the Work Plan. Each week, KCBS issues to USAID a weekly update, which records all of the site visits and meetings, which take place, and the subjects of concerns, opportunities and further action required which arose at the meetings.

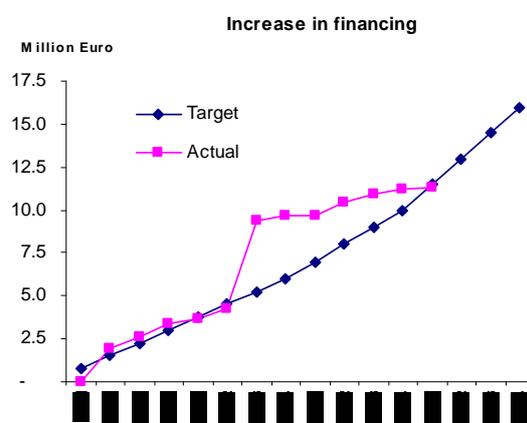
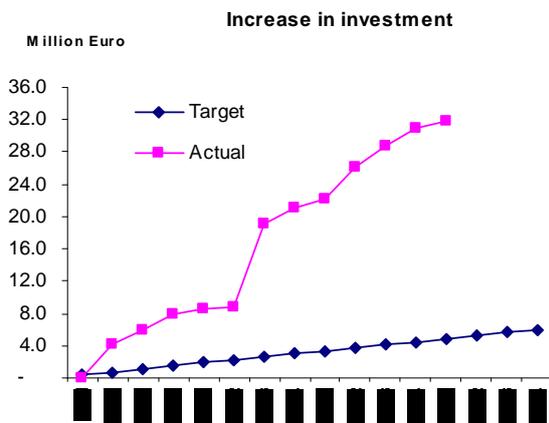
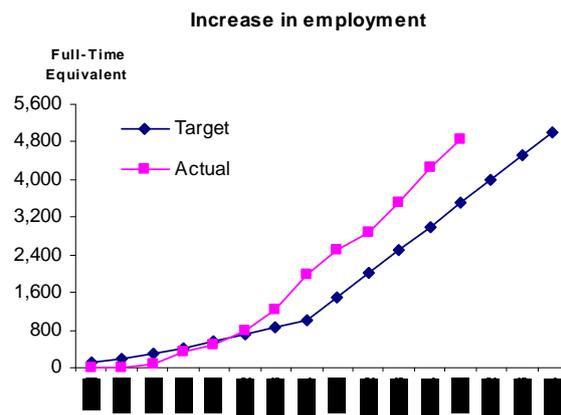
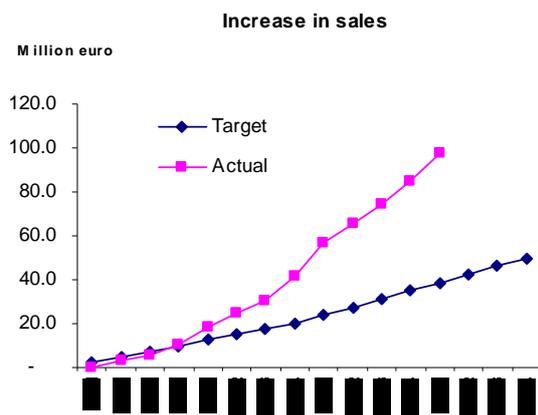
A Glossary of Acronyms is appended at the end of this Report.

# PERFORMANCE SUMMARY

Cumulative changes to date in primary indicators

After 39 Months

	Target	Actual
Number of companies assisted	n/a	113
Increase in sales compared to baseline—euros (in millions)	38.8	97.4
Increase in sales over baseline - %	28.0%	70.4% <sup>1</sup>
Increase in FTE jobs	3,500	4,842
Increase in financing – euros (in millions)	11.5	11.3
Increase in capital investment – euros (in millions)	4.9	31.7



<sup>1</sup> This amount represents the percentage of total sales to date over total ANNUALIZED baseline sales by companies currently in the database. Total sales to date are €235,766,890 and total annualized baseline figure for companies is €38,331,230.

## **1.0 WORK PLAN RESULTS ACHIEVED**

### **1.1 Projected Results Achieved**

In the Work Plan for Year Four, there were a number of Projected Results defined, which were to be achieved in the quarter that ended 31 December 2007. The following results were achieved:

- Three training sessions conducted in the use of drip irrigation for fruit tree nurseries and orchards. *[Achieved: Originally scheduled for June 2008, KCBS completed this Activity during the past quarter.]*
- Three training sessions conducted in cold chain development using refrigeration equipment obtained in Year Three through SAF grants. *[Achieved: This training was completed on schedule using a TCN STTA, as planned.]*
- Conduct an in-depth study of the international markets and marketing of raspberries, blackberries and currants. *[Achieved: An excellent report was completed on schedule using a local BSP, as planned.]*
- Provide support to loan officers at financial institutions and guidance to F&V farmers as borrowers, leading to at least 5 loans per Quarter. *[Achieved: Fifteen loans were completed this quarter with KCBS support, exceeding the quarterly goal by three times.]*
- Prepare KCBS clients for effective presentations of new products – Packaging and Design. *[Achieved – Initial market research on Design Agencies and Kosovo Company needs' was converted into a fee-based, half-day packaging and design workshop with 52 attendees.]*
- Promote the business consultancy profession in Kosovo, and co-host with BAS a general conference on the future of consulting profession in Kosovo. *[Achieved: Conference held on Dec. 6]*

### **1.2 Projected Results Not Achieved**

The following results were not achieved as scheduled:

- Complete full HACCP certification for one F&V client – Pestova. *[Not Achieved: A Pre-Audit inspection in December was very favorable, but the Final Audit inspection has been postponed until mid-January 2008, and the company is expected to pass it.]*
- Arrange visits in regional countries to F&V cold chain facilities, especially pre-cooling facilities. *[Not Achieved: The host company was not fully prepared for the group, and the trip has been rescheduled for January 2008.]*
- Promote launch of cream cheese product for Bylmeti. *[Not Achieved: Bylmeti decided to forego launching a new product at this time. KCBS will attempt to work with several other processors to produce, launch and market this new product.]*
- Prepare KCBS clients for effective presentations of new products – Client Brochures. *[Not Achieved: Starting with 21 potentially interested KCBS clients, only four agreed to a cost-share technical assistance arrange whereby a local BSP would provide electronic files of a new product brochure. Activity was rejected by USAID.]*
- Issue report on "Forest industry challenges of development and balanced use". *[Not Achieved: KCBS required Riinvest to condense the report it produced on time to make it more usable by the decision makers. It will be available by end January].*
- Forest Management Plans completed covering 10,000 ha. in three forests, Ahiste, Decani and Jezerci by 12.31.07. *[Not Achieved: Measurements were made for Ahiste and Decan, and FMPs are being drafted, but again not completed, under a grant from the Norwegian Forestry Group; a lack of budget at the KFA has delayed measurements in Jezerci].*

## **2.0 DAIRY SUB-CLUSTER**

### **2.0a Dairy Sub-Cluster - Milk Production**

#### **2a.1 Improved Productive Capacity**

##### ***Activity 2a.1.1: Advocate for trained farmers to artificially inseminate cattle***

Successful herd reproduction on modern dairy farms requires an understanding of the reproductive function in dairy cows and a working knowledge of the anatomy of a cow's reproductive tract. Reproductive efficiency and dairy farm profitability are maximized when the average calving interval for a herd is around 13 months. Unfortunately there are still some herds with calving intervals exceeding 16 months resulting in these farmers facing large financial losses. Factors contributing to extended calving intervals are:

- Failure of proper estrus detection,
- Poor breeding techniques
- Reproductive tract diseases
- Poor body condition

But one of the main factors that is contributing to this delay is slow response time when cows are in heat (estrus). Best conception results occur when breeding 12 to 18 hours after estrus is detected. A major factor contributing to reproductive efficiency on dairy farms is the inseminator being present for breeding at the right time. Most farms rely on veterinarians to provide artificial insemination for their cows. In many cases veterinarians and AI (Artificial Insemination) technicians are not coming on time to perform the AI and as result the conception rate is very low. Within developed dairy industries there has been a shift away from hiring professional technicians to artificially inseminate cattle toward artificial insemination by owner-inseminators. Reported data showed that the pregnancy rates achieved by owner-inseminators are higher by as much as 23 percent in developed dairy industries. Current legislation in Kosovo allows only veterinarians to artificially inseminate cattle. KCBS is supporting the livestock department within MAFRD in adopting the administrative regulation that would allow trained farmers to artificially inseminate their own cattle. Thanks to KCBS the livestock department within MAFRD has included in their work plan for year 2008 the introduction of this administrative regulation.

##### ***Activity 2a.1.2: Support the further development of the dairy beef industry in Kosovo***

Consumer preferences towards local beef are increasing since they are concerned about the safety and freshness of imported beef. There is growing interest by a number of Kosovo farmers to fatten beef cattle locally. The function of beef farmers is to efficiently produce live beef animals from which high quality beef is ultimately delivered to the consumer. The new beef farmers are lacking the management skills for raising beef calves and most are working without a business plan. Beef calf feeding is the single most expensive element of beef production costs. The average daily weight gain of beef calves in Kosovo is still quite low at around 0.8 kg. To improve the beef calves daily weight gain, KCBS is advising local beef producers on how to feed beef calves for more efficient production utilizing beef feeding formulations previously developed by STTA Roy Chapin. KCBS is also providing training on beef barn standards and hygiene.

KCBS began working with two new bull fattening farms that have started to raise bull calves. "Dardania" farm is raising 40 beef calves and Mr. Shemsedin Shabanaj from village Kashic, Istog municipality is raising 42 bull calves. The calves they are fattening were bought on the open market. Because they are assembled from many different small farms many of these calves have health problems and as a result growth efficiency is affected. To reduce these health problems KCBS will link beef growers with dairy farmers in order to supply them with healthy beef calves that will be moved directly from the dairy farm to the beef farmer avoiding the market place entirely. With all calves coming from known sources feeding and health information can be shared which will help minimize the transition stress.

## **2a.2 Improved Quality Control**

### ***Activity 2a.2.1: Increase use of improved record keeping systems***

Having a good record keeping system in place dairy farmers will be better equipped to know strengths and weaknesses of their business and thus make better decisions for their farms. In year three KCBS developed a simple record keeping package for dairy farms that includes enterprise records as well as financial records that are acceptable for commercial banks and MFI. Based on KCBS' suggestion, KAMP agreed to include in their work plan for 2008 the introduction of this basic enterprise and financial record keeping system to a wider constituency of dairy farms. KAMP agreed to create a budget line for hiring a local consultant who will continue to explain the manual dairy farm record keeping system to a larger number of selected farmers throughout Kosovo and train them to use it. Dairy farmers are just beginning to understand the importance of record keeping in the farm and they are showing interest to learn more in order to improve management skills and have better access to credit from lending institutions. The purpose is to expand the use of the manual dairy farm record keeping system that KCBS implemented with two selected dairy farms last year.

KCBS is continuously supporting KCLB (Kosovo Center for Livestock Breeding), an EU funded project to help develop the DHI (Dairy Herd Improvement) program initiated by KCBS. For the sustainability of the DHI program KCBS delivered the DHI software program to KCLB where it continues to function and grow, but unfortunately not with all the promised support. According to Mr. Fatmir Lahu, director of KCLB, even though half the time of the two year project has passed, the foreseen EU assistance is not forthcoming as planned.

### ***Activity 2a.2.2: Introduce GlobalGap farm practices on at least two dairy farm***

Concerning food, customers expect and are accustomed to choice, convenience, quality, and competitive prices. Customer awareness of the safety risks that can arise at any point in the food chain production is greater than ever before. The primary expectation and concern of customers today is that the proper safety measures are in place to ensure that food sold in the Kosovo market is safe to eat. Therefore we need new regulations and practices in farming and the food industry to gain customer confidence that food that they are eating is safe. To address the food safety concerns in the dairy industry, KCBS prepared a SOW to hire a consultant to start GlobalGap standards on two selected dairy farms. The consultant will also advise MAFRD on related regulations and conduct trainings for groups of farmers and agriculture educators.

### ***Activity 2a.2.3: Transfer good dairy farm practices training to relevant stakeholders***

All types of farming require management to pay close attention to detail. Livestock farming is no exception and demands high management standards if reasonable returns are to be achieved and sustained. Inadequate support from government ministries is often quoted for a lack of progress and opportunities in the agricultural industry. Obviously this has an impact on the farmers, but it cannot be blamed for management deficiencies. A large quantity of training material and related information on new technologies has been generated during the three years of the KCBS project. The objective has been and continues to be to spread this information, and the innovations recommended by various dairy STTA consultants and KCBS staff, to a broader spectrum of commercially orientated dairy farmers. This helps address farm management deficiencies noticed while visiting commercial dairy farms throughout Kosovo. Many training brochures and Power Point training modules have been developed covering; cattle housing, dairy nutrition, milk quality, reproductive health, heifer and calf raising, forage production and farm enterprise and financial record keeping. These are continuously being distributed to a wider constituency of dairy farmers through KAMP, local farmer associations, municipal and regional agriculture offices and agriculture schools. During this quarter KCBS organized three separate, in-classroom and on the job trainings with the "Korenica" Women's Association, and students from the agriculture school in Lipjan. More than 54 farmers, students and veterinarians received training materials developed by KCBS in milk quality improvement, feed management and veterinary health management.

## **2.0b Dairy Sub-Cluster – Milk Processing**

### **2b.2 Improved Quality Control**

#### ***Activity 2b.2.1: Continue to assist in the implementation of GMP in dairy plants***

KCBS continued with the installation of GMP standards at Golaj. With the new documentation installed at Golaj KCBS was able to reduce the presence of E.coli in their white cheese product from 300 to less than 10 Units per ml. Water and environment in the plant were also tested for the presence of E.coli. This incidence of a high E.coli count in Golaj's white cheese emphasized the importance of following the GMP standard procedures in place to prevent future problems.

Based on the support KCBS provided for training, Fauna has completed the intervention and installation of Pest Control and DDD (Disinfection, Disinsectization, Deratization) at Bylmeti. The offer has been prepared for Golaj to implement the same activity based on GMP standard requirements.

KCBS, along with STTA Mr. Vladimir Kokarev, continued to support Bylmeti on HACCP standard implementation. The work was focused on verification, validation and correction of critical control points. Twelve corrective actions identified by KCBS have been improved and the pre-audit for HACCP certification is expected to take place in January.

KCBS dairy processing specialist has successfully completed the TQM (Total Quality Management) three month training course and has been certified with accredited certification as a quality manager for implementation of ISO 9001 standards.

#### ***Activity 2b.2.2: Continue monitoring of the new Raw Milk Quality Decree***

KCBS intensified the monitoring of dairy processors' complete implementation of the raw milk quality decree. It is evident that most of the dairy processors are testing milk samples from their suppliers on a routine monthly basis, but not paying according to the quality program. It has also become apparent that they will not do so without pressure from MAFRD. This is because they want to be sure that every dairy processor implements the pay program at the same time. They fear if some don't, milk suppliers who are penalized because of the new pay program will quit supplying the dairy processors that implement the pay program and begin delivering to the dairy processors that don't.

MAFRD has agreed to enforce the implementation of the quality pay program in January. It is understood that this will be done only after the new government is installed.

During the quarter KCBS worked with Diti, Aldi, Shala, and Lahore dairy processors to review milk sample test results and provide training on how to use the milk blend price XL program to help implement the new dairy decree pay program.

#### ***Activity 2b.2.3: Assist one dairy processor to install wastewater treatment facility***

Kabi with EAR assistance has completed a business plan in preparation for a wastewater treatment installation for their new dairy processing plant. Kabi is collecting offers from EU and US companies for implementation the project. KCBS is assisting with the identification new potential companies suitable for the needs of Kabi.

Golaj has been identified as a second client potentially interested in implementing proper wastewater treatment.

### **2b.3 Improved Market Linkages**

#### ***Activity 2b3.1: Continue new cheese products introduction and market expansion***

KCBS has continued to support dairy processing plant Golaj in developing new products and improving the quality of existing products. Feta cheese was developed and production started. Early indications are that it has been accepted successfully in the local market. Butter and cream production was also introduced. The standardization of the processing

line was completed and the new pasteurizer has been activated. In addition to new product development, during this quarter KCBS was able to assist Golaj in reducing the cost of energy by €3,000 per month as a result of activating the inline pasteurizer.

KCBS prepared and delivered improved, standard formulations for feta and white cheese to Rona.

According to dairy processors Kabi, Bylmeti, Abi and Golaj, sales of cheese products have increased 20-30%, and fermented products by 10% from their processing plants compared to the same period last year. The amount of milk collected during this quarter increased compared to the same period last year as well.

KCBS developed the plan of intervention at Diti on developing new value added products like white cheese and sour cream. Diti is interested to increase its processing capacities from 1000 liters to 2500 liters per day. KCBS will provide technical assistance to help Diti achieve these goals.

Magic Ice began processing feta cheese in addition to white cheese, yogurt and ice cream. KCBS along with Magic Ice has agreed to assist the Agrosemi Cooperative in establishing a new MCC for the Serbian Kosovar minority in the Livadje Village area. Magic Ice will donate a milk cooling tank, and the remaining equipment for the new MCC will be covered by a KCBS SAF grant subject to approval of same.

Abi is collecting milk from 18 MCCs, four of which were supported by KCBS and are considered an operational success. Abi prepared a new sour cream product with 22% fat in a 180 gr. package for testing in the market.

The KCBS wood processing client, Korenica, has plastic package manufacturing equipment. Korenica is preparing to manufacture 800 gr plastic packaging for white cheese. The forms for 2 and 4 kg packages are also under preparation. KCBS is assisting Korenica in attempting to reach agreement to supply 5 to 6 Kosovo dairy processors with their needs for this type of packaging. Currently the Kosovo dairy industry is purchasing this type of packaging in Serbia in the amount of approximately €500,000 per year. The objective of this intervention is to reduce imports of packaging material and to increase local processing of it.

### ***Other Market Linkage Activities***

KCBS assisted the new Alpina plant in Keqekolle. Installation of processing equipment has started. The linkage created by KCBS between RIB Jovanocivi from Krushevac and Alpina resulted in a savings of €15,000 for Alpina in the first stage of purchasing new equipment. KCBS also provided Alpina with a list of local packaging equipment manufacturers in order to prepare in advance the design requirements of any new packaging equipment.

KCBS informed Devolli, Golaj, Rona, and Aldi about KS Europa, a Norwegian NGO supplying used milk cooling tanks. Processing plants are potentially interested in buying cooling tanks to be placed on contracted suppliers' farms provided the farmer keeps supplying the processor who placed the tank on their farm. The farmer would be responsible for routine maintenance of the milk cooling tank. Bylmeti dairy has already introduced this program.

KCBS linked supermarket Kulla in Prishtina with Diti dairy processor in Lypjan for the purchase of set yogurt. The contract for supplying set yogurt has been agreed upon for the value of €600 per month. KCBS is working with Diti to activate a pasteurizer in the plant and to standardize processing line.

KCBS linked Sharri dairy processor in Prizren with Pet Plus plant in Gracanica so Sharri could purchase €15,000 worth of equipment needed for sheep milk processing.

KCBS has prepared a standard model dairy processing spreadsheet, dairy processing cash flow and income statement needed by lending institutions, and is working with several dairies for the purpose of acquiring credit to expand their businesses.

### **3.0 MEAT SUB-CLUSTER**

#### **3.1 Improved Productive Capacity**

##### ***Activity 3.1.1: Import purebred Lacune sheep breeding stock and monitor research.***

A major cause of the inferior production performance found today is a result of the low productivity of the local sheep breed. There are a number of factors contributing to this. The major factors are that the local sheep breed is genetically prone to low productivity, failure to select good lambs for replacement purposes and unbalanced feed rations for sheep and lambs. KCBS imported 21 purebred Lacaune sheep from Switzerland in accordance with a MOU between KCBS and the Agricultural Faculty of Pristina, which is where feeding and production trials will be conducted with this new improved breed. The sheep were unloaded at the quarantine location where they stayed for 14 days. During the quarantine period KVFA took blood samples and did analyses for the infectious diseases of bluetongue and brucellosis. The results showed the blood samples were negative for both diseases.

The Agricultural Faculty will be responsible for conducting the feeding and production trials in a scientific manner assuring credible results. It includes the accurate recording of all feeds consumed, birth weights of lambs, amount of milk produced etc. The lambs (both male and female) shall be sold to interested farmers at public auction, by sealed bid, or other transparent method. Proceeds of the sales will be applied to the cost of maintaining the imported sheep project for the productive life of the imported sheep. The Agricultural Faculty will not dispose of the imported sheep prematurely nor sell the lambs for slaughter; the lambs are to be sold for breeding purpose only.

The project has the multiple benefits of introducing new, more productive breeds of sheep to Kosovo, demonstrating better feeding practices and strengthening the University's sheep research programs. The results of the trials will be disseminated through seminars, demonstration trainings at the University research barn and publications.

#### **3.2 Improved Quality Control**

##### ***Activity 3.2.1: Assist with GMP and potentially HACCP installation***

KCBS plans to provide some form of assistance to at least one meat plant in introducing GMP standards that could eventually lead to HACCP certification. In order to implement GMP in selected meat processors KCBS prepared a scope of work and identified a STTA to assist with the installation of GMP. In the next quarter KCBS will provide assistance to at least three meat plants regarding basic layout and design of their plants so as to comply with HACCP requirements in the future.

#### **3.3 Improved Market Linkages**

##### ***Activity 3.3.1: Develop the Sheep Value Chain Pilot Project***

A grant approved by USAID will assist Sharri dairy plant in Prizren to collect sheep milk and to produce sheep milk products with high quality. A KCBS plan is to develop a sheep value chain pilot project in the Prizren and Dragash area with the Sharri – Prizren dairy processor as the heart of the value chain. This project starts at the farm where KCBS is including ten larger than average, progressive sheep farmers as the sheep milk suppliers for the Sharri dairy plant. These farmers will each receive a sheep milking machine upon agreeing to the terms of an MOU requiring them to prepare proper milking and feeding facilities and follow good management practices. These ten sheep farmers have signed a sheep milk supply contract with Sharri and have agreed to follow a KCBS recommended feeding program.

KCBS will assist Sharri in establishing two MCCs with lactofreezers and in preparing a milk collection truck to transport the milk from these MCCs to the Sharri dairy plant. Further, KCBS will assist Sharri with a vacuum packaging machine for the introduction of a new sheep cheese product in the market. The goal is to establish an example of a high value, intensive, profitable sheep product value chain.

***Activity 3.3.2: Monitor potential for live lamb exports***

KCBS will continue to support export of lambs. The importer from Bosnia is interested in continuing to import lambs from Kosovo. However at this time number of lambs is lower and the price is higher (up to €3 per kg of live weight) because the lambing season starts from January and lambs are ready for market in March. KCBS will continue to monitor prices and export opportunities or live lambs while supporting development of the domestic market for lambs.

## **4.0 ANIMAL FEED SUB-CLUSTER**

### **4.1 Improved Productive Capacity**

#### ***Activity 4.1.1: Follow up on third year of pasture management trials***

KCBS worked with MAFRD and HAK to identify farmers interested in long term leasing of public and private pasture lands. Renting or leasing pasture land is becoming more and more popular. This increased interest in leasing pasture land has stimulated a corresponding interest in defining terms and conditions for such leasing. KCBS, MAFRD and local experts focused on identifying and quantifying several factors which would influence lease price and terms such as: pasture quality, number of animal units/hectare to be pastured, value of hay harvested and rental price per month. All these factors will be taken into account in determining a price that is fair to both the landowner and the livestock owner.

#### ***Activity 4.1.2: Follow up on second year of alfalfa seed multiplication trials***

Currently the first year trials look promising. However the summer drought conditions have caused a lot of stress in the alfalfa plants which has negatively affected the first year seed yields. Nonetheless variations in production both of forage and seed were evident. This was especially significant regarding the lower levels of production for the control variety "Europa" which was much poorer than all the improved varieties.

Under a KCBS grant KODAA organized four field days at each demo plot, and held a major workshop for farmers and other interested individuals presenting the results of the alfalfa seed and forage production trials. KODAA extension staff presented in detail the new and advanced methods of alfalfa seed multiplication. Farmers, input dealers, municipal directorate representatives, different agricultural NGO representatives and KCBS staff attended the field day trainings at the demonstration plots. More than 124 participants were informed about the agro technical measures applied at the test plots. These measures included the proper sowing distances between plants in the row and the proper distance between the rows both for seed production and for forage production. Farmers had opportunities to see the production potential of different alfalfa varieties. The variety Soqa (Slovenia) had the best results in both seed and vegetative mass production. The varieties Sanditi (Holland) and Mediana ZMS (Vojvodina) had less than 5% lower yield compared with the variety Soqa. The variety Europa (traditional variety) had 20-30 % lower yield compared with other three tested varieties.

KODAA prepared a brochure that provides information on alfalfa seed and forage production and management. It also presented the results of the variety trials conducted at the demonstration plots.

A number of seed producers have expressed interest in multiplying alfalfa seed and will consider planting seed fields in 2008. KCBS will continue to work with the seed cleaning companies "Agroelita" "Xeni" and "Semenarna" that are interested in starting to process small seeds like alfalfa which in conjunction with local seed production would reduce imports.

### **4.2 Improved Quality Control**

#### ***Activity 4.2.1: Crop chemical residue analysis and awareness project***

Crop producers use a wide range of agricultural chemicals to boost the yield and quality of produce and to control weeds, insect pests and disease. While recognizing the important role these chemicals play, growers should be mindful that consumers are becoming increasingly concerned with the level of chemical residues in produce. Managing chemical residues is essential; growers are responsible for ensuring that chemicals are used correctly to minimize any chance of unacceptable chemical residues occurring in animal feed or human food products. KCBS has prepared a SOW for an STTA specialist and a subcontractor with plans to implement a project that would test 40 samples of soil and plant

tissue taken from a number of intensively cropped areas in Kosovo to determine the degree of chemical residues present if any.

***Activity 4.2.2: Transfer crop production practices training to relevant stakeholders***

During the quarter, four training session opportunities were offered to farmer associations and crop producers. The training programs were held in Obiliq (20 participants), Theranda (25 participants), Ferizaj (50 participants) and Shtime (18 participants). KCBS staff presented information on use of best practices in crop production and gave recommendations about economic analysis, variety selection, and cropping techniques. The session also focused on the safe and efficient use of pesticides. Participants showed significant interest in the training and were focused in discussing the issues that surfaced in their sectors.

***Activity 4.2.3 Introduce GlobalGap practices for two seed producer/processors***

KCBS identified seed producer/processors Xeni and Agrounioni as two companies that are interested in beginning to implement GlobalGap standards next year.

## **5.0 POULTRY SUB-CLUSTER**

### **5.1 Increased Productive Capacity**

#### ***Activity 5.1.1: Monitor breeder farm production practices and market impact***

From September until December Gjini Tag hatched almost 100,000 day-old chicks with an approximate value of €45,000. SHPUK, KCBS and Dr Remzi Bakalli followed the feed formulation and consumption, general situation at farm (lights, temperature, etc.), incubation and hatching. During December the breeder farm was on standby since there was no demand for day-old chicks and all eggs were sold for consumption. However, Maloku has already made a first order for January for 30,000 day-old chicks and other orders are pending. Jazi is also preparing to place their order for 15,000 day-old chicks for March. Gjini Tag has already started plans for replacement of the breeder flock. This time the arrival of the new breeder flock will correspond to their start of production in late January of 2009 and will have to be ordered not later than July 2008. Gjini Tag has purchased a small capacity-grading machine that will have a large impact on his operation by lowering costs. This machine will enable them to more accurately separate and sell smaller eggs that are less likely to produce a viable baby chick, thus maximizing the hatch rate and the hatching capacity of the incubators.

#### ***Activity 5.1.2: Monitor pelleted feed production practices and market impact***

Despite high ingredient prices Jazi is maintaining the level of feed production. The agreement with Fauna is ongoing, and at the same time Heifer International placed an order for 40 tons of cattle feed, which in turn, they donated to farmers in the Gjakova region. Jazi is maximizing the use of pelleted feed for his needs and for the needs of day-old chicks at selected farmers. Jazi, with the Poultry Association, are preparing for a more aggressive promotional campaign during 2008. It will include the results of pelleted and non-pelleted feeding trials that Jazi and KCBS will conduct.

The "International Poultry Scientific Forum" accepted a presentation of the research conducted by KCBS and Prof. Remzi Bakalli with pelleted feed at the Jazi feed factory. The authors, Prof. Gene Pesti, Prof. Remzi Bakalli, Ilir Zenelaj and Mentor Thaqi, will travel to Atlanta, Georgia in January 2008 to present the results of their research to the world's largest poultry scientific forum, where scientists from around the world vie for the chance of presenting their work. This will be the first time that a scientific work from Kosovo is presented at this forum. [Unfortunately, subsequent to the preparation of this report, Prof. Bakalli suddenly passed away. All Kosovo farmers with whom he has been associated were deeply affected and saddened by his passing].

#### ***Activity 5.1.3: Support the development of the broiler industry in Kosovo***

As part of targeted and ongoing support to minority areas, KCBS developed a total investment plan for a broiler farm and small slaughterhouse in Babush village. KCBS met with small construction companies to determine the cost of the building and then continued with other investment costs, which include the first production cycle of 4,000 broilers, growing equipment, a slaughterhouse, day old chicks and feed. The project will go forward subject to the Ministry of Returnees providing supplementary funding for the construction of the broiler barn.

KCBS met the AvesProm company, located in Zvecan, to assist in broiler production equipment selection, a slaughterhouse building project and equipment layout. KCBS also plans to financially assist AvesProm through a SAF grant. However, KCBS suggested AvesProm not start with the construction of the slaughterhouse until the arrival of the KCBS STTA meat plant specialist who will provide expert advice on layout and design.

Also during this reporting period, KCBS met KoniSoni who already started with their plans regarding broiler production. In two of their contracted farms they have raised a total of 8,000 broilers but owing to a lack of slaughtering facilities in Kosovo, they had to sell them live in markets and on request. In order to avoid this situation in the future, KoniSoni is willing to

enter a contractual agreement with the Babush project farm. This agreement would include KoniSoni supplying day-old chicks, feed, vaccines and paying a fee per kg of live weight upon collection of the broilers for slaughter to the Babush project.

To complete the process, KCBS met KVFA and discussed the import of poultry meat, live poultry and eggs. KVFA provided the import data to KCBS for 2007. The data indicates that there was an increase of consumption in comparison with 2006. During 2006 total imports of poultry meat was 18,000 tons and in 2007 imports were 20,000 tons. In addition, KCBS and SHPUK encouraged, and KVFA is planning in 2008, for the poultry and feed industries to begin implementing already existing regulations concerning diseases, animal feed and egg quality. KVFA has asked KCBS and SHPUK for assistance in this matter as implementing partners. The measures and activities are prioritized and it was agreed that the implementation should start in January 2008 after the change in government and following the holidays. Immediately SHPUK started planning to organize a number of seminars for the poultry and feed industries. The seminars will be focused on bio-security and feed.

KCBS together with SHPUK met the Durmishi Company. Owners of the company have large businesses in Germany and Spain and have until now invested approximately €200,000 in Kosovo. They have built, equipped and filled one farm with 10,000 layers and have built and equipped another farm for production of 17,000 pullets. In addition they are planning to invest in broiler production. To date, they have purchased a mini slaughterhouse and are in the process of purchasing land where they intend to build a larger slaughterhouse. They also plan to build farms for broiler production.

KCBS met CARE to discuss their broiler project. During the second half of 2007, CARE has financed equipment for four small (4,000 birds each) farms trying to establish an integrated production system in which KoniSoni would be the central point with their future slaughterhouse. Additionally CARE would invest in four to five more farms to complete the cycle enabling KoniSoni to slaughter approximately 300,000 to 400,000 broilers per year. Unfortunately, CARE also relied on the LGB privatization [as did KCBS] that never happened. Now, CARE has requested assistance from KCBS in finding ways to assist KoniSoni to establish the poultry slaughterhouse.

## **5.2 Improved Quality Control**

### ***Activity 5.2.1: Promote more extensive egg grading in the industry***

At present KoniSoni remains the only Kosovar Company grading eggs. KoniSoni continues grading 150,000 eggs daily representing approximately 20-25% of local production. Lately Gjini Tag purchased a small capacity grading machine and both Jazi and Maluku are searching for grading machines. Koni has received his export number and has signed two pre-contracts with traders from Kumanovo and Tetovo in Macedonia.

## **5.4 Strengthened Capacity to Access Credit**

### ***Activity 5.4.1: Increase use of improved record keeping systems***

Informatika installed the accounting software, which was financed by KCBS and developed by Informatika, in the computer systems of Maluku, Jazi and Gjini Tag and delivered the contracted hours for training. Notably, Informatika continued to train these KCBS clients free of charge and assisted them in using the software. All three clients are very satisfied with the software as it enables them to calculate the cost of production, margin, and the price of the final product. It also provides them with data regarding inventories of both raw material and final products. Other KCBS clients such as KoniSoni expressed an interest in getting the software for their operations.

## **6.0 FRUITS AND VEGETABLES CLUSTER**

### **6.1 Increased Productive Capacity**

#### ***Activity 6.1.1: Improve the volume and quality of greenhouse vegetable transplant production***

The original applicant for a grant to implement this Activity withdrew his request late in the approval process, thereby substantially delaying its implementation. KCBS selected a new beneficiary using the transparent RFA process. The new application was approved promptly by USAID in mid-December. However, due to these delays, KCBS decided that rather than completing acquisition of the seeding line and the construction of ancillary equipment/facilities, transplant production will likely begin in March 2008 instead of January 2008.

#### ***Activity 6.1.2: Improve the productivity of orchards***

##### ***Part A: Demonstrating methods of mechanized production***

Planning for these two training sessions began in November, two months ahead of schedule. The trainings are expected to be completed on schedule in the spring as soon as the soil is dry enough for tractor use in the orchards that will be used. The sessions will demonstrate use of the in-row cultivator and pneumatic pruning equipment procured by Fruti Association in Kravarice – Kaminice through a KCBS grant. The training sites will be in orchards belonging to members of UVB Association in Blagaje – Peje and Pema Association in Kovrage – Istog.

##### ***Part B: Introducing drip irrigation in fruit tree nurseries***

These three training sessions were completed about six months in advance of their scheduled deadline. Training was conducted in the use of drip irrigation systems at the orchards of Halim Dervishi in Koretin – Kamenice, Zahir Halili in Silvova – Ferizaj and Imer Nitaj in Dranoc – Deqan. Over two hundred people attended these trainings, including many farmers, fruit growing association members, MAFRD and other international donors working in horticulture.

#### ***Activity 6.1.3: Improved handling of frozen products***

A consultant has been identified and a subcontract for his services as an STTA is in-process with the work to be completed as scheduled. The focus of the work is to design refrigeration engineering improvements in the freezing capacities and energy-efficiencies at seven existing facilities for freezing products (such as mushrooms, blueberries and raspberries) and, in some cases, to recommend changes in product-flow patterns. KCBS will provide training to the refrigeration engineers from at least three local companies engaged in this industry, and they will be encouraged to send a staff engineer to “shadow” the consultant during his field visits. In addition, the project will hire a local BSP to work with the seven firms to make cost-benefit analysis calculations of the recommended investments or changes.

### **6.2 Improved Quality Control**

#### ***Activity 6.2.1: Continuing efforts in food safety***

##### ***Part A: Achieving another HACCP certification***

In September Agroproduct Commerce in Podujeve became the first food processor in Kosovo to achieve full HACCP certification. KCBS hoped that Pestova Company in Vushtrri, a maker of potato chips, would complete this process before the end of December 2007. However, due to delays in installing a new processing line, it was not possible to conduct the pre-audit inspection until early December. Fortunately, the results were very favorable and the final Audit inspection is scheduled for mid-January with every indication that the company will pass.

### ***Part B: Introducing EurepGAP (now called GlobalGAP) certification***

The purpose of this Activity is to establish a pilot program of GlobalGAP crop production for a selected group of potato farmers resulting in their crop receiving GlobalGAP food safety certification. Planning began in October, three months early. KCBS recruited a consultant for the STTA portion of the work. However, the timing of the assignment has been moved two months later than originally envisioned because the field work conducted by the consultant and KCBS staff will better fit the cropping season and timing of the intended certifications, and KCBS staff will be able to make extensive pre-STTA preparations to improve the effectiveness of the program.

### ***Part C: Exposure to HACCP facilities outside Kosovo***

Because many KCBS clients have expressed an interest in becoming HACCP certified, the project will arrange a study tour to food processing facilities that have received certification in the relatively recent past in a regional country. The tours will be for KCBS clients in both the F&V and Livestock clusters. These visits will enable the clients to discuss the changes to physical facilities, training of staff and organizational restructuring - all necessary as part of the re-engineering of their companies to become HACCP certified. They will also learn how the certified companies penetrated new markets as a result of having HACCP certification. While it has proven difficult to find a suitable country or region of a country, in which to conduct this study tour, at the moment it would appear that the group will go to Bulgaria. Planning began in October and the tour will occur as scheduled, by the end of March.

## ***Activity 6.2.2: Expand and strengthen cold chain development***

### ***Part A: Processing of frozen products***

Using a TCN STTA, KCBS completed three training sessions on schedule on the use of frozen storage facilities, two of which were constructed through cost-sharing grants from KCBS. The training were Agroprodukt Commerce in Podujeve, Scardus Co. + Qingjat e Sharrit in Sterpce and As Promet Company in Leposavic. About 46 people attended these trainings, including handlers of frozen products, companies offering refrigeration service, exporters, MAFRD and international donors involved in agricultural business.

### ***Part B: Storage of apples***

Planning will begin in January for two training sessions in the use of refrigerated chambers for the long-term storage of apples. The trainings will use the chambers constructed through a cost-sharing grant from KCBS at UVB Association in Blagaje - Peje. The Activity is expected to be completed on schedule before the end of March.

### ***Part C: Pre-cooling of fresh fruit and vegetables***

KCBS will plan a study tour to a regional country for KCBS clients to visit cold chain facilities, especially pre-cooling facilities. The objective will be to provide tangible examples to our clients that have facilities engaged directly or indirectly or with the potential to be engaged, in the internal distribution and/or export of fresh fruits and vegetables. The goal will be not only to see what they look like and how they function, but to learn the economics of their operation and the benefits to product quality and sales. This Activity was originally scheduled for early December but the host company, located in Croatia, was unable to accommodate the group at that time and the tour has been rescheduled for early January.

### ***Part D: Support first pre-cooler in Kosovo***

This Activity, a proposed grant to construct a Pre-Cooler, has been deleted from the KCBS Year Four Work Plan. This is a result of two factors: a) only one of the three Kosovo refrigeration engineering companies that might have been asked to submit bids to design and construct such a facility was interested in participating in a cold-chain study tour, focused on pre-cooling, that will travel in January 2008 to Croatia; and, b) given the weak outlook for a successful bidding process, the grant was sacrificed to

make space for other grants, the sum of whose budgets has come under pressure due to severe devaluation of the US dollar.

**Activity 6.2.3: Expand marketing of high quality fresh F&V through improved post-harvest handling**

This Activity will consist of five trainings in post-harvest handling conducted at facilities constructed or improved through cost-sharing grants and technical assistance provided by KCBS. They are not scheduled to transpire until May, June and July 2008.

### **6.3 Improved Market Linkages**

**Activity 6.3.1: Facilitate the domestic and international marketing of Kosovo products**

**Part A: Blueberries**

A guide to assist Kosovo blueberry exporters, assembled by a BSP under the direction of a F&V Specialist, has been scheduled for April, May and June 2008. However, in order to increase its usefulness this schedule has been revised such that it will be completed by the end of April. In this way packaging and quality measures introduced for improved handling can be put in place by exporters prior to the summer harvest season.

**Part B: Other berries**

A BSP was engaged to conduct research into the varieties of raspberries, blackberries, red currants and black currants that not only can be successfully cultivated in Kosovo but also have positive, definable international sales opportunities. These berries, recommended by KCBS, can be planted and cultivated near existing freezing facilities, two of which were constructed through KCBS cost-sharing grants, with the farmers assured that their post-harvest handling problems are already solved. The report was completed on schedule before the end of December and is being translated into Albanian and Serbian.

**Part C: Other fruits and vegetables**

During Year Three the KCBS project assisted in forming two new, modern, for-profit Cooperatives, one in Qyshku – Peje and one in Rahavec. In addition to KCBS conducting a series of trainings in how cooperatives function, another series of meetings and visits has been launched to expose the members of these cooperatives to new marketing opportunities. To date this has included meetings with wholesale traders in Peje, Prizren and Pristina, and the managers of the F&V departments of several hypermarkets.

### **6.4 Strengthened Capacity to Access Credit**

**Activity 4.1: Help farmers get loans and/or leases**

Under this Activity KCBS established a grassroots pilot program in the Rahavec area to provide assistance directly to farmers to help them get loans or leases. A F&V Specialist is available every Monday morning to work with them, which often requires a subsequent farm visit. The primary tools are the many budgets and cash flow models developed by KCBS in its first three years, which can be used to evaluate a farmer's productivity and profitability. The specialist also works with loan officers of MFIs and commercial banks in the Rahavec area to increase their abilities and confidence in making agricultural loans through hands-on experience. While the goal of this Activity is to have five loans completed each quarter, in this first quarter for the program has resulted in 15 approved loans totaling €40,100, with one loan pending of €7,000. The MFIs have expressed their gratitude and one has requested additional training for its loan officers.

## **7.0 CONSTRUCTION MATERIALS CLUSTER**

### **7.0a Wood processing**

#### **7a.1 Increased Productive Capacity**

##### ***Activity 7a.1.1: Improve process control at Tefik Canga***

Tefik Canga has completed the process of putting production norms in place, a process started by KCBS at the end of August. Tefik Canga then requested assistance and training in dry kiln activation, in kiln drying and in marketing. On behalf of Tefik Canga, KCBS arranged for the briquette producer Molika to visit Tefik Canga with purpose of inspecting the quality of their accumulated reserves of sawdust, as due to insufficient storage capacity it was threatening to interrupt the production. Unfortunately, Molika considered it too wet and unsuitable. Tefik Canga will use it for their restarted dry kiln operations. KCBS conducted dry-kiln inspections a number of times before and after loading and observed several problems with it, which they brought to the manager's attention to correct the problems in order to minimize damage. KCBS has prepared kiln drying documentation which includes all the steps of natural and kiln drying of lumber and submitted it to Tefik Canga for review.

On behalf of Tefik Canga, KCBS resurrected contact with Italian companies that were interested in sourcing elements and chair components from Tefik Canga. KCBS assisted in price calculation and forwarded to the interested parties. However the Italians considered the prices too high.

##### ***Activity 7a.1.2: Advise on production operations at Mobileria***

Following a deal reached with an Italian company and facilitated by KCBS for exporting elements for final manufacture to Italy, KCBS provided advice and monitored the production of the requested elements. KCBS advised on setting up a proper production process flow by using the existing equipment and setting up QC points necessary in order to meet the standard requested. However, due to the inefficiency of Mobileria's equipment, the company was not able to meet the shipment deadline. KCBS arranged meetings with Ukaj and Korenica, which possess adequate equipment for processing of elements to speed up the process but the meetings yielded no results. KCBS requested that shipment deadline be postponed, but it was not accepted by the Italian company and Mobileria never made the shipment.

KCBS attempted to link Mobileria Kosova and Korenica with purpose of supplying beech elements for Korenica EWF needs. We provided the specification to Mobileria and advised the owner to ensure a reasonable deadline before he enters into an arrangement. Upon KCBS advice, Mobileria expressed interest in acquiring a new piece of equipment for processing of the elements and KCBS has contacted two machine manufacturers requesting machinery specification.

KCBS submitted the kiln drying documentation which includes all the steps of natural and kiln drying of lumber to Tefik Canga for review. The project also provided this documentation to Mobileria for use in their dry kiln operations.

##### ***Activity 7a.1.3: Assist Ukaj in installing finishing line for EWF***

Ukaj is very close to completing the second building where they will house the EWF finishing line. Total investment up to date is €400,000. Given that Ukaj was facing a problem in the quality of the lumber supply, KCBS developed an agreement to be used as a minimum standard when dealing with lumber suppliers. We recommended that the Druri sawmill as a potential supplier. The agreement outlines raw material quality, shipment deadlines, payment terms and penalties.

KCBS prepared and delivered information to Ukaj and Korenica regarding average warping index for numerous species of wood, risk classes for wood divided by laying environment and durability of certain types of wood used for indoor and outdoor installation. The information will provide useful information to both companies when they need to make decisions about using which type of wood for flooring to use and how these different types

react at different humidity levels. In this way, they will have a better control on distortions in the wood.

### **7a.3 Improved Market Chain Linkages**

#### ***Activity 7a.3.1: Promote Kosovo wood products in the region***

KCBS attended the furniture trade-fair in Tirana Albania – Albrelex organized by Elida Co'94 company Sept. 29 - Oct 2. Ten Kosovar companies were exhibiting their products: Gateri, Euro-Art, Ukaj, Albend, Korenica, Mobileria e Kosoves, Galanteria, Shehu, Wood Combine and Hoti. KCBS assisted Mobileria e Kosoves, Korenica and Ukaj in setting up their booths and had several meetings with parties interested in EWF. KCBS met with a potential distributor of EWF in Albania and with two companies from Switzerland and Germany interested in sourcing EWF from Kosovo. KCBS serviced individuals interested in EWF for their housing needs which resulted in direct orders for 400 m<sup>2</sup> of EWF for Korenica. Former STTA Kuo contacted KCBS and requested pricing and freight quotations from KCBS regarding sourcing beech elements as two potential buyers in Thailand had expressed interest. KCBS provided specification to several Kosovar companies from which only one came up with a quotation but to due very high prices the deal was not reached.

KCBS visited Ambienta furniture trade fair from 14 Oct - 18 Oct in Croatia, one of the biggest trade fairs in the region, and also the Wood Technology Center of Croatia. KCBS established contact with several machine manufacturers and assisted Korenica in making a decision for purchasing a new molder for profiling of EWF. KCBS met with potential EWF distributors, who were interested in receiving EWF samples of oak, walnut and beech for quality verification. KCBS continued to promote EWF to local construction companies; we also met with Greek company Kalantzis, which has requested samples of EWF.

Italian wood association "Federlegno" paid a visit to Kosovo to meet with AWPK and its members. Federlegno representative pointed out the necessity of Kosovar companies specializing in specific areas of wood processing. They also expressed doubts about quality of the finished product. However, he stressed the increased demand for wood in the next five years in Italy, and advised the Kosovo wood processors to exploit this opportunity. An MOU was signed between AWPK and Federlegno to solidify their cooperation.

KCBS assisted in a linkage between Druri and Korenica for producing lumber for Korenicas' needs. KCBS worked with Druri on implementing proper sawing and stacking techniques as well as setting a standard for humidity control.

#### ***Other Activities***

KCBS established contact with wood processors Mahagoni and Deva interested in receiving technical assistance. KCBS assisted Mahagoni in identifying proper equipment and developing a business plan for a new product. At Deva, KCBS started to monitor the production process and record process mistakes with purpose of increasing production efficiency.

KCBS participated in the yearly meeting of Wood Industry Conference and the AWPK General Assembly meeting held on December 5<sup>th</sup>. KCBS staff delivered two presentations: one providing an overview of the situation in wood industry, and a second outlining the technical support given to MAFRED-KFA and achievements in certification process in Kosovo. Additionally, KCBS assisted Ukaj in preparing a presentation with more emphasis on technical side of the wood industry.

KCBS has prepared a curriculum for delivering training to NGO "Woman for Woman". Curriculum consists of two training modules for the first phase of training which is anticipated to last 22 days and 16 women to participate in the training.

KCBS assisted Besniku company/Podujeve in completing an application for an IOM/PAMM project. KCBS advised which of supporting documentation is necessary to accompany the application in order to get awarded with a grant.

## **7.0b Forest Certification**

### ***Activity 7b.1.1: Form a National Working Group***

Based on the training needs identified in the beginning of 2007, KCBS in cooperation with World Learning - Forecast Organization have continued to support the forest certification process. For this purpose a training program was prepared by an STTA and was presented in two consecutive training sessions, i.e. during October (1-6) and November (12-17). Both sessions included 18 individuals who were selected from government institutions, Prishtina University, NGOs and Associations, Local Government and other Stakeholders in the forestry sector. Objectives of this course included, developing the knowledge and practical skills that will help all stakeholders in forestry to work towards future activities relating to establishment of a National Working Group; preparing the submission of the applications to the FSC Board of Directors; appointment of a FSC contact person; development of FSC standards for forest management certification; submission of the developed standards for FSC evaluation; and promotion of FSC certification in general. Establishment of the NWG for development of FSC standards for Kosovo has been postponed due to elections that took place on 17 November. These elections have changed the political spectrum in the government of Kosovo. Establishment of a NWG should take place in the beginning of 2008, KCBS will emphasize the importance of certification process to the new governing structures, in order to empower the process and have it included as one of the priorities in their political agenda.

### ***Activity 7b.1.2: Support completion of Forest Management Plans for 10,000 ha***

KCBS has continued to closely observe the activities undertaken under the project "Support to Forestry Management Plans with GIS phase II" which is funded by the Norwegian Government. Development of these plans is the first step in forest certification, thus very important to KCBS. Under this project, six field teams took measurements in the field from beginning of the August until end of September 2007, covering the remaining part of Management Unit "Pyjet e Lloqanit dhe Deçanit". The data collected from remaining part of this Management Unit and those collected before from the Management Unit in "Ahishte "Kaqanik" created the possibility for elaborating long-term management plans for forest areas planned for certification. After initial processing, the data were sent to Sarajevo for additional evaluation, analyses and drafting of the final long-term plan for both management units. To date, field measurements are completed for the area covering 2,898 ha in Deçan and area covering 2,575 ha in Kaqanik. On the other hand in the third Forest Management Unit in Ferizaj municipality "Jezerci" which consists of 4,200 ha field measurements were not completed (except the preparatory phase). According the information received from the Project Team and KFA, the measurements were not completed due to the lack of budget to cover the compensation for the field teams and other expenses. Bad weather conditions and the interim break of the field measurement due to the engagement of the field teams in firefighting during the summer fires, were also offered as explanations.

### ***Activity 7b.1.3: Advocate for greater Government support for forest development***

Forest resources cover 460,800 ha or 46 % of Kosovo's total land area. The volume of wood in the forests is around 53,000,000 m<sup>3</sup> and annual growth is around 1,300,000 m<sup>3</sup>. Forests also provide other numerous resources that can contribute significantly to economic, social and environmental development. Based on these facts, it is necessary that the Kosovo Government regard forestry and its management as a high priority. It should improve the conditions that will insure sustainable forest management and forest certification through:

- Developing and implementation the long-term National Strategy for Eliminating the Illegal Forest Cutting through demonstrating the clear commitment across all government Institutions, and other stakeholders, i.e. courts, police, community, KFOR and donors;
- Financing inventory activities for the registration of forestry assets and development of the long-term management plans;

- Developing an integrated national system for collection and managing forest data for improving the effectiveness in planning and implementation as well as fighting the corruption;
- Redefining the organizational and legislative structure of forest administration through decentralization that corresponds with local needs for improving forest management and by enforcing all forest policies;
- Attracting investments by adopting new rules and regulations which enable forest administration at the local level; and
- Providing a mechanism for return of the funds generated from the sale of wood and non-wood products to the respective geographic areas where they were generated (these funds should be used exclusively in the forestry sector for various need for overall forest improvement).

## **7.0c Construction Materials Cluster – Non-Wood Based Construction Materials**

### **7c.1 Improved Productive Capacity**

#### ***Activity 7c.1.1: Improve management practices to create sustainable efficient operations***

KCBS worked with company owners and management boards of existing clients to assess current management strengths and weaknesses. In the next quarter KCBS will carry out a detailed assessment of the improvements to be made at each plant, and develop an improvement plan. The company Vellezerit e Bashkuar in this quarter implemented part of Quality Management practices according to ISO QMS, and in December it was certified according to ISO standards. Vellezerit e Bashkuar still needs to improve management practices and to obtain full ISO certification.

The clay producer “Tulltorja” from Prizren is receiving detailed assistance from KCBS. An STTA assessed the company and assisted in planning for the installation of a new production line. According to the consultant, the overall appearance, tidiness and order of the factory has improved significantly and the workforce is more engaged in general work and cleaning operations during production stops. The company achieved a stabilized production at 35,000 pcs/day. But still there are major shortcomings remaining that must be implemented in the future, such as improvements in operations, quality management, implementation of behavioral change and Personnel and Organizational Development which are addressed in details in the STTA report. The main reason that KCBS is focused in this plant is that up to now the company invested over €8,0 million which is considered one of the largest investments in Kosovo for production of construction materials.

KCBS promoted the use of new technology in the production and processing of materials. KCBS brought AMMANN (machinery producer from Switzerland) to meet with local companies. KCBS, RČAK and KACP in Kosovo; and two local companies visited the AMMANN facilities in Switzerland. The company is dedicated to improving their services to Kosovar clients and offered them alternatives for cooperation. They promised to send a crew of engineers to assess each plant and offer solutions for upgrading according to EU standards with warranty in products and technical assistance post-purchase.

KCBS organized a meeting between KFA, ICMM and representatives of the MEF with the aim of finalizing the draft MOU, and clarifying the quarrying royalty fees. This activity started over three years ago between KFA and ICMM, and still is unresolved. After KCBS involvement, all of the parties are dedicated to finding a solution from which all the parties and all the quarries throughout Kosovo will benefit. The representatives of the MFE had several questions but they agreed to review and to address their comments with the aim to have sustainable agreement.

### **7c.2 Improved Quality Control**

#### ***Activity 7c.2.1: Assist businesses in responding to the government regulation regarding Heavy Fuel Oil***

In the summer of 2007, KCBS and the Kosovo Chamber of Commerce [OEK] advocated strongly to the Government for a postponement of the implementation of an administrative order, which regulated the quantity of sulfur in heavy fuel oil [HFO]. On July 18, the government decided to postpone the implementation of this regulation until July 2009, with the proviso that businesses using HFO must introduce filters for gas purification. During this quarter KCBS worked with OEK on establishment of the Working Group consisting of the major users, associations, and government representatives from MTI, MESP, MEF. The Working Group defined its duties, and OEK is taking the leading role with full KCBS support. In the next quarter all parties will start drafting their proposals for alternative solutions, and by the end of June will submit them to the other Working Group members for review.

### ***Activity 7c.2.2: Assist Associations in improving technical services***

The Road Contractors Association [RCAK] completed the road construction handbook and it is currently under review by KCBS. RCAK anticipates the handbook will be printed, distributed and promoted to its members and other stakeholders in the industry during the next quarter.

### ***Activity 7c.2.3: Promote improved procurement practices for new road construction***

KCBS and RCAK worked with asphalt and concrete producers to draft a proposal to the new government. This proposal calls for the government to adopt the fundamental requirement bid package that is entire in itself, i.e. it consists of an explicit design and technical specifications for both materials and workmanship. This activity will continue next quarter and KCBS and RCAK will advocate with the Ministries responsible for issuing tenders.

### ***Activity 7c.2.4: Support KSA on adoption of the EU standards***

KCBS/USAID has already donated many EU standards related to construction to the Kosovo Standardization Agency and in this quarter KSA requested further support. However, in order for them to receive further support, KCBS wants to see procurement departments within the government using those standards which have already been adopted.

## **7c.3 Improved Market Chain Linkages**

### ***Activity 7c.3.1: Assist manufacturers of insulation materials on product promotion***

In this quarter KCBS continued its assistance to three manufacturers of polystyrene insulation board "Styrofoam" - Fetoshi, Euro Fat and Kosova Plast. The subcontractor for the graphics completed the design of the CD/DVD and technical brochures, which it will promote in February or March to all stakeholders. The companies will conduct extensive marketing with the aim of increasing sales in the 2008 construction season. The aim of this support was to unifying the technical specifications for the manufacture and installation according to EN standards. The technical specifications and application models presented in the CD are easy to understand by stakeholders (non-technical) as well as technical professionals.

## **7c.4 Job Creation Activity**

The municipalities of Mitrovica, Skenderaj/Srbica and Vushtrri/Vucitrn are located in the north of Kosovo. The total population is over 250,000 people. Rivers flowing through each municipality have been suffering from worsening pollution since the 1990s. Uncontrolled construction and deteriorating storm water/sewage networks are some of the factors contributing to the pollution. Additionally, there are no filtrations or controlled storm-water outlets in the rivers. In each municipality there are mountains of trash, which have been accumulating for years, near residential areas; these are a potential source of infection, mainly in children who are exposed to it through playing near the rubbish. USAID asked KCBS to initiate a municipality clean up which would also provide jobs in these areas of high unemployment.

In October, KCBS awarded a subcontract to Eurokos to clean up at least one river in each municipality. There were two rivers in Mitrovica which were particularly badly polluted. The removal of hazardous materials from the rivers improved the environment and decreased potential risks of infection. This project also sought to clean-up areas around housing complexes and schools. The subcontractor provided an average of 25 workers in each Municipality from the unemployed to perform the work. Total payroll was 3,000 man days. The subcontractor provided a daily lunch for each worker, and all the necessary tools for the employees to work effectively. It provided front-end loaders and dump trucks, and carted over 100 trucks of garbage to the designated dumpsite – approx. 850 tons; a further 56 trucks, 400 tons, were removed by private operators for sorting out recyclable materials.

## **8.0 MARKETING AND TRADE LINKAGES**

### **8.1 Expand Linkages**

#### ***Activity 8.1.1: Trade linkages promotion trip to Serbia and Macedonia***

This activity is scheduled to begin in the second Quarter. A stakeholders meeting will be held in January to confirm interest and commitment from KCBS clients interested in expanding their markets into Macedonia and Serbia. If there is not substantial interest, KCBS will not perform this activity.

#### ***Activity 8.1.2: Sponsor a second marketing and linkages conference***

This activity is scheduled to take place end of second quarter 2008.

#### ***Activity 8.1.3: Cross-border promotion event with EDEM in Albania***

Based on encouraging findings from the Marketing Linkages trip to Albania and vast opportunities for cooperation among Albanian and Kosovar businesses, KCBS proposed to USAID EDEM project the idea to organize a Business to Business (B2B) conference in order to provide a platform for direct and efficient contacts between respective clients. Due to the several pre-existing Kosovo/Albania events during the proposed period (November 2007) and low response from the EDEM clients, they expressed an interest to postpone the event till the second or third quarter of 2008. In preparation for this event KCBS proposes to make one assessment trip to Albania to promote this idea among other donor projects and local chambers of commerce to accurately assess full interest and benefit for all interested parties.

### **8.2 Provide Marketing Assistance**

#### ***Activity 8.2.1: Assess Kosovo-wide demand for locally produced dairy products***

KCBS launched the Dairy Market Research Study by contracting Prism Research, Kosovo. KCBS researched and prepared a detailed RFP and conducted a pre-bid meeting attended by over ten local research firms. Fortunately KCBS received six thorough proposals with one clear winner based on both their technical methodology and price. A delay in the approval process postponed the launch of this activity by several weeks but by the end of first quarter the key survey design (for 800 consumer interviews), focus group methodology and questionnaire (4 groups), retailer questionnaire (175 interviews) and detailed Desk Research workplan (and expert consultant) had all been submitted and approved. Focus groups have begun and will continue throughout the second quarter along with all other primarily data collection (interviews). The Desk Research will be ongoing throughout the length of the activity to complement the overall assessment and recommendations for the industry.

#### ***Activity 8.2.2: Launch Marketing Internship Activity***

A solid foundation for the success of the Marketing Internship program appears to have been laid. KCBS/OEK have been hosting monthly Steering Committee meetings to make incremental progress and maintain stakeholder interest in the development of the internship program scheduled for next summer. At present AUK and UBT, the key academic institutions from which the students will be recruited, Elkos Group representative (business advisor to the program), OEK and KCBS attend the Steering Committee. At the request of OEK, University of Pristina was extended an invitation on numerous occasions but never committed any point person or resources to participate in the Steering Committee meetings and therefore will be excluded from the program for the first year. KCBS targeted 21 KCBS clients across all three clusters that may have benefited most from the program. After having met with most of these businesses individually to present an overview of the program and the qualifications required for them to participate, seven firms signed an MOU committing themselves to pay the interns a total of €600 for the summer. OEK will recruit the remaining three companies by the beginning of 2008.

### **8.3 Promote New Products**

#### ***Activity 8.3.1: Promote launch cream cheese product for Bylmeti***

Unfortunately, Bylmeti indicated that he does not have enough milk to begin producing cream cheese at the expense of his current product of Peppers and Cream which he considers to be also a very profitable product. Therefore, he will not receive any technical advice from KCBS on properly launching this new product developed in conjunction with KCBS. Fortunately, Golaj has instead agreed to try and produce a quality product based on the formula KCBS provided to Bylmeti.

#### ***Activity 8.3.2: Prepare KCBS clients for effective presentation of products***

Brochure Design: KCBS took the initiative working with all Cluster Specialists to identify any KCBS clients that were in need of assistance to produce promotional material to sell their products locally and regionally. KCBS met with almost two dozen companies over an extended period of time, conducting a needs assessment and brand audit of their current packaging, labeling and promotional brochures. Eventually four clients were selected to provide direct technical assistance in the form of a local marketing agency producing an electronic file of a new, quality marketing brochure and labels for a minority-owned dairy processor. Each of these clients signed an MOU with KCBS committing themselves to a cost-share investment of at least €400 to cover the printing costs.

Unfortunately USAID rejected the application for concurrence since they did not feel these firms have the output and products to justify the €9,000 expense. One of the companies is still in the process of registering their company and two of the other beneficiaries were not recognized as KCBS clients. As for the final dairy processor, it was felt that Sharri was not in a position to benefit from this grant on a sufficiently large scale. Overall USAID believed that the lack of interest by many larger companies which could really benefit from such assistance was an indication of how Kosovo businesses rated the importance of this work. In addition, USAID was concerned that in order to follow through with our work plan, we had picked smaller companies but for Kosovo, these benefits would be minor.

Packaging Design Workshop: KCBS organized a fee-based, “packaging and design” half-day workshop for the top qualified agencies/designers in Kosovo along with all KCBS food clients and AKB members interested in learning more about the business side of design and proper packaging techniques. In order to tailor the training better, KCBS performed an informal survey with 25 design agencies throughout Kosovo and selected businesses asking for their specific needs related to the packaging and design.

Findings from the survey and other related information was shared with consulting agency Xaosolution and design studio Comma from Belgrade that were selected to assist and direct the workshop presentations, based on their extensive packaging experience not available from any local BSP’s Engagement of the consultants was divided into three parts; introduction with Kosovo made products, workshop and individual client consultations.

In order to allow consultants to get a better picture about packaging and label design of domestic products KCBS organized visits for them in several supermarkets where they had a chance to see good and bad samples of domestic packaging and label design industry. Subsequently, KCBS organized the workshop at the Hotel Victoria for a total 52 attendees, which represented twelve food processors companies, eight design agencies and four packaging producers from Macedonia, Serbia and Kosovo, who exhibited their printing, labels and containers. The collected attendance fees covered over half of the facility’s cost for the event.

The three-hour presentation was divided into two parts and was very well received by both food processors and local designers. First part of the presentation related to the business side of packaging and design and the benefits of a professional approach to this segment of the product. Presentation included several case studies, which clearly demonstrated that investment in proper packaging and design are not “lost” expenses for the company and that such investment leads to increased profits. The second part of the presentation targeted the designers, explaining some of the rules and best practices for designing labels. KCBS

distributed a CD with numerous case studies, guidelines and latest research material related to packaging (by hand to any firms unable to attend). On the following day, KCBS and the consultants visited Agroproduct Commerc from Podujevo and NGO Lady from Pristina in order to explore what kind of further activity can be done for improvement of their packaging and complete branding of the companies.

Xaosolutions Ltd. delivered the final report which includes both the client implementation plans and an overview of their engaged activities. The client implementation plan for Agroproduct Commerc and NGO Lady was translated and delivered to the clients for their further development of packaging and labels design. Agroproduct has since met with KCBS and requested KCBS's assistance to advise them on sourcing, hiring and producing new packaging for frozen forest fruits and mushrooms for the upcoming harvest. KCBS also completed an analysis of surveys received from the attendees at the workshop where both producers and designers responded very positively about the quality of topics presented and encouraged KCBS to further promote this needed skill.

Product Presentations: This activity will take place during the second and third quarters.

***Activity 8.3.3: Renewed Involvement in Decorative Stone***

As indicated in the Year Four work plan, KCBS re-engaged, in a support role only, with the decorative stone project that was left mostly unattended by IPAK (Investment Promotion Agency of Kosovo) from our handover a year ago. KCBS originally provided substantial work on this project collecting samples for display, sending these samples to different trade fairs together with thousands of brochures that were delivered in Verona, Istanbul, London and Las Vegas. KCBS client GRENT LLC is a Kosovo/US company based in Atlanta that recently exported the first shipment of decorative stones from Kosovo to the US market. Following advice from KCBS on how to represent decorative stones of Kosovo at the Las Vegas Fair October 2007, the first container was sold to the US market where recent interest for decorative stone appears to be on the rise. GRENT LLC is preparing for a second shipment to the US in early spring 2008.

Additionally, while in Las Vegas, the company met with Italian company ZONATO from Verona that expressed interest in a joint venture with GRENT LLC. The Italians visited Pristina and GRENT LLC plans to visit Verona. Initially, the Italians are interested to invest in a decorative stone machinery assembling and manufacturing factory in Kosovo until they setup logistics for decorative stone quarry exploitation in Kosovo. GRENT LLC has asked for advice from KCBS to enter into porphyry cubes processing for pavement. The porphyry quarries are located in Vitia Municipality. The cubes would replace low-quality concrete cubes that are presently used for pavement in Kosovo and will offer an export opportunity due to high demand in western countries. Local employment will also benefit.

KCBS was also in touch again with a Hungarian importer of decorative stone of Kosovo which has exported six load trucks until now. This company continues to offer samples to different construction companies in Hungary as part of preparations for the 2008 construction season. KCBS anticipates updates on decorative stone slates from Gllareva and Malisheva for which this importer is also interested.

## 9.0 GENERAL BUSINESS SERVICES

### 9.1 Improve Policy Dialog

**MTI industry roundtable:** This quarter KCBS attended the eighth meeting of the industry roundtable hosted by MTI. The agenda included a presentation by Richard Wheatley, an EAR consultant, on “Technical Regulations and Industrial Development in Kosovo” and a presentation by Faruk Hajrizi, MTI official, on “Technical Regulations on Machines.” Following Mr. Wheatley’s presentation, participants from the private sector engaged with the MTI Minister, Mr. Dugolli, in hot debates about product quality certification and accreditation procedures for private labs in Kosovo. MTI also distributed general material on the industry situation in Kosovo, which provides industry data for the period 2003-2006. MTI invited the roundtable participants to provide comments in writing about this report, in order to incorporate them in its final version.

### 9.2 Improve Responsiveness of Business Associations

#### General:

**AmCham Fall Job Fair:** On November 8, AmCham organized the second job fair, an activity delivered in accordance with KCBS grant to AmCham. 12 companies participated at this fair, including two private universities, Iliria and UBT. The job fair attracted 645 students visitors, while the total number of those who visited the fair is estimated to be around 700. A representative of the US office in Pristina addressed the participants during the opening ceremony, while the USAID Chief of Mission visited the fair on the day of the event. According to the results of AmCham’s survey with 560 visitors, students evaluated the Fair with an average grade of 9 out of 10 and 530 of them said that they would participate again if a similar event were to be organized in April 2008. On average, each student submitted his/her CV to three to four companies at the Fair, and the most of them were interested in the banking and consulting sectors. Most of the students attending the Fair were from the University of Pristina, and were still enrolled in their undergraduate studies. We will follow up with AmCham to confirm the exact number of students employed as the result of the fair.

**AmCham Business Ethics Week:** From October 1- 4, American Chamber of Kosovo hosted a series of activities under the Business Ethics Week initiative. KCBS attended on the AmCham’s Business Ethics Conference October 3. SRSG, the representative of the US office and other key speakers that addressed the conference emphasized the need for ethical businesses and a business friendly environment in Kosovo. KCBS participants were very active in the workshop on good business practices in the private sector, which mainly focused on the role of code of ethics/conducts in business organizations. We informed conference participants that a number of industry associations in Kosovo have already put in place codes of professional conduct for their industry (e.g. BCC), and it will be good to hold association members accountable on the basis of these codes. On October 4, KCBS attended a roundtable of business leaders, in which the idea of a Kosovo Business Leaders Forum was introduced and brainstormed. This is another initiative that AmCham has taken the lead on during of the business week. KCBS will further contribute to the initial meeting of the Business Leaders Forum and similar activities promoting business ethics.

#### **Activity 9.2.1: Support associations in developing work plans with special emphasis on revenue generated programs**

**General:** This quarter all business associations (with the exception of BCC) have been busy carrying out their quarterly activities as per their respective grant agreements with KCBS. Most of them have successfully completed the third quarter activities, submitted their third quarterly reports and have already entered in the last quarter of their grants (e.g. AWP, AKA, SHPUK and KAMP). For this group of associations the current grants will conclude in February 2008 and planning for next year’s activities and next round of grants has already started. The current grant agreements for RCAF, KACP and KDPA will conclude in April,

May and July respectively. Following the completion of these grants, KCBS will provide assistance as timeframe will permit. As reported last period, the KCBS grant to BCC is suspended pending a satisfactory constitution of their management board. .

**AWPK:** In October, after the visit of Federlegno Arredo, a national federation that represents the Italian wood and furniture industry in Kosovo, AWPK and Federlegno Arredo concluded an MOU to improve business conditions for the respective member companies and promote business linkages between companies in Italy and Kosovo. The B2B initially planned with AWPK members and the representatives of the Italian delegation failed partly due to low interest of Kosovar companies and partly to some organizational problems.

From November 10-16 AWPK organized a business trip of industry members to Malaysia. The business trip was sponsored partially by the Malaysian Liaison Office. AWPK members paid a fee to the association and cover the travel costs by themselves.

On December 5, in cooperation with the OEK, AWPK hosted an industry conference and general assembly meeting. This activity was supported by KCBS under the current grant agreement. The conference had a very good turnout with 67 registered attendees, including AWPK membership, donor organizations (KCBS, GTZ and Malaysian Office), Forestry Agency and the media. The head of AWPK Board, Hashim Deshishku, and Head of OEK, Besim Beqaj, signed an MoU, which will open the way to a more organized and systematic partnership between the two business organizations. KCBS Chief of Party addressed the participants at the opening session highlighting some of the achievements of this association during the past three years, such as development of fees for services activities, organization of successful fairs and training events, and challenges ahead, including forestry certification and lumber quality standards. In addition, KCBS contributed to this conference with two other presentations, one on forestry certification and a second on the developments in wood industry in general. Other speakers at the conference included association board members and executive, representatives from OEK, GTZ and the Forestry Agency. The conference attracted considerable media attention.

This quarter KCBS approved AWPK's request for re-allocation of grant funds to support the feasibility study in lieu of an e-library, as per the initial plan. AWPK engaged DCE to prepare a feasibility study for the association sustainability. We met with DCE representatives and discussed KCBS views on AWPK long-term sustainability and provided them our comments and suggestions on their first draft. AWPK will prepare the feasibility study for the period 2008-2010. KCBS and GTZ will use the findings of this document to tailor our respective support to AWPK during 2008. The feasibility study will be finalized early in January.

**KACP:** KACP executive director continued with the implementation of this quarter's activities such as the KACP website, the industry database and the concrete industry conference. At the regular board meeting held in mid November, board members reviewed the association performance, including the financial performance during the last quarter and approved the plan of KACP future activities. Most of the discussions revolved around the upcoming KACP industry conference, its character and format.

On December 4 KACP hosted their industry conference entitled "Concrete Quality". The conference attracted considerable interest and had a great turnout with 83 participants, including KACP membership, government agencies (MTI, Standardization Agency and MEM), Faculty of Construction, donor representatives (KCBS, USAID, KOSVET 4) and students. Speakers included association members, university professors and government officials (MTI and Ministry for Spatial Planning). The KCBS Chief of Party addressed the participants in the opening session, praising the success of this industry association gained in a very short period of time. The main focus of the conference was on quality standards for concrete, quality control and inspection of concrete plants and products. The conference concluded with a general public statement of the concrete producers and other industry stakeholders on the importance of the application of EU standards in their industry. The statement will be delivered to all industry stakeholders and the media. KACP conference, as a very successful event, speaks once more for the good management capacities of this association.

Review of KACP quarterly report and financial data shows that the association is in good financial health. Even in this quarter donor contributions count for a very small portion of total revenues for this association with only 8.27% of total budget.

**RCAK:** This quarter RCAK promotional DVD was finalized, cleared by USAID and distributed to industry stakeholders.

On October 17, RCAK held its annual conference on road industry in Kosovo, which addressed the issue of improvement of the quality of construction works and road infrastructure. The conference had a very good turnout with 70 participants, including RCAK members and other industry stakeholders, government officials, business associations and donors. This was the third conference of this nature organized by RCAK in accordance with RCAK four year-strategic plan. The Conference addressed specific barriers in each sub-sector and proposed measures for their elimination, with special emphasis on the application of EU standards in the road industry and promotion of good industry practices. Once again, senior officials from the MTPT did not attend.

Review of RCAK quarterly reports and financial data shows that RCAK has faced constant cash flow problems during 2007. RCAK executive is recently negotiating a sponsorship agreement with Sikos for the RCAK technical manual, which will hopefully improve the cash flow situation in this organization. Delays in dues payments by members and other organizational issues will be addressed at the next General Assembly Meeting, which will be held early next year. In December the executive staff of RCAK and KACP attended a business trip to Amman in Switzerland, which was considered very successful by all parties.

**BCC:** In October the full BCC board met to discuss the problems that the association is facing since its establishment, in particular the lack of progress with membership recruitment and problems with the executive. KCBS representatives reiterated at this meeting the grant suspension criteria made clear to BCC in the previous quarter, and raised the question on the purpose of BCC existence. Board members agreed that BCC existence is based on a clear purpose and mission, but it is time to go a few steps back and explain this purpose to a larger core group of consulting companies (than the existing board of directors).

Later this quarter BCC President Bedri Drini resigned from his position, with Luan Dalipi taking over as Acting President. In this capacity Luan Dalipi delivered a presentation at BAS/KCBS kickoff meeting of the consultancy forum in December. Other than that, limited progress is made toward revitalization of BCC.

**KDPA:** In conjunction with AVUK, the association conducted auditing on processing practices and quality of products at all milk processing plants in Kosovo. All dairies completed a survey form; based on the survey results dairies were given recommendations for improvements at their plants. KDPA assisted by AVUK, tested the locally produced dairy products to show that they are healthy, fresh and as safe as imported products. This testing program [value €14,000] is 50% supported by KVFA and 50% by dairy processors. In conjunction with MAFRD and KVFA and Swiss Project KDCP, the association organized the solemn ceremony of Award for the Best Kosovar Dairy Product 2007.

Most dairies are not determining the real content of dairy products, such as fat, acidity and dry substance. In order to assist members improve their knowledge on testing of final product content, association hired a local specialist from University of Pristina to prepare a training program and to conduct training (at Bylmeti and Ajka) of dairy processors on the new testing methods and equipments. The testing results report and brochure on proper testing methods and equipment was distributed to the participants. As there was a lack of fluid milk in local market, the Board worked on coordination of milk purchase between dairy processors, which resulted on balanced milk collection and price.

**KAMP:** Association provided trainings on reproduction in 25 dairy farms in all over Kosovo. KAMP trained farm workers and local veterinarians in identifying reproduction problems, ordering proper drugs, treating milking cows with hormones and taking action to solve problems. KAMP distributed the DVD on best farm practice for which farmers have to pay €5, thus generating revenue for the association. KAMP had also provided/sold the DVD [and

hard copy] of the plans for construction of barns for livestock that was prepared by the Swiss SDC Project. KAMP staff provided training on hoof cleaning to 12 dairy farms, enabling farmers to clean cattle hoofs at their farms.

KAMP continued to work with American KFOR on improvement of milk production and collection in Kaçanik and Viti, and coordinated with Devolli – VITA to sell the collected milk. Even though the AGROKOS Fair held in Pristina was poorly organized, KCBS and KAMP exhibited at the fair and had contacts with many farmers; 15 farmers become association members. Due to the shortage of animal feed at some commercial farms in Kosovo, KAMP negotiated with companies in Kosovo, Austria, and Greece on purchase of animal feed for farmers. KAMP met with representatives of Prime Minister's Office and MAFRD to discuss a project that is in the Kosovo budget, and recommended MAFRD focus their financial support on animal feed and quality rather than on distribution of high quality cows to farmers that don't have experience on farming. KAMP worked with the newly established dairy plant in Keqekolla on coordination of activities with farmers regarding improved milk production and collection.

**SHPUK:** SHPUK worked with Gjini-Tag on a feed formulation for the parent farm. The testing of prepared feed at the Agricultural Faculty in Pristina showed the high quality of feed used at parent farm. SHPUK discussed with MAFRD and KVFA the import of breeders, coordination between SHPUK and the government, avian influenza and the general situation in poultry industry and on scheduling of vaccination program of imported day old chicks and parent farm. SHPUK organized monthly meetings with every month a different subject concerning poultry diseases, vaccination, bio-security measures, etc. SHPUK organized a workshop on disease prevention, quality control, and proper use of antibiotics and vitamins at poultry farms. AVUK professional staff provided presentations at the workshop.

Due to a shortage and high price of some feed ingredients, some farmers were using different feed rations which resulted in a decrease of egg production rate and weight. KCBS and SHPUK specialists provided information to poultry producers on use of different combination of feed rations that are available at Kosovo market currently. SHPUK and KCBS worked with premix supplier from Macedonia on supply of poultry farms in Kosovo with a quality premix from Germany and Austria. SHPUK contacted company AIBA, a main poultry feed producer from Albania, and provided information to its members interested to buy qualitative and cheaper poultry feed. SHPUK engaged a Macedonian poultry specialist to conduct trainings on the best farm practices for broiler and layer parent farms in Kosovo. Lighting, feed consumption, production and vaccination program were evaluated at two poultry farms. SHPUK worked with farmers interested to start with broiler production to find the best purchasing opportunities of day old chicks, animal feed and slaughterhouse.

**AKA:** In coordination with Albanian Agribusiness Council (KASH) AKA supported 11 Kosovo companies to exhibit at Agribusiness fair in Albania. A survey conducted by AKA showed that more than 14 business contracts have been signed and many contacts developed. Individual trainings to decrease the electrical bill through the better production management and proper use of KEK Maxigraf and other electrical equipments were held at 12 enterprises. The information material and brochures were distributed to agribusinesses and revenues were generated from individual trainings. AKA board members worked with KASH on planning the AKA fair next year. The AKA board decided hosting the fair in mid April 2008 and used the AKA participation at fairs in Albania and Macedonia to promote its fair and invite companies to attend. AKA held a meeting of agribusiness associations with Statistical Office of Kosovo where they discussed the coordination of activities on price index of agricultural products. AKA provided technical support to the League of Beekeepers of Kosovo (LBK), that is one of the AKA member associations, to organize their traditional Beekeeping Fair in October 2007. AKA worked with AKB to prepare and sign the memorandum of understanding between Kosovo Business Associations and the Diplomatic Bureau of the Republic of Bulgaria in Pristina. This MOU will aim to increase economic development and investment in Kosovo.

### ***Activity 9.2.2: Support OEK in strengthening the capacities of its legal office and improving the quality of services offered to its members***

OEK started implementation of the grant agreement “Support to OEK’s legal office”. The first quarterly report was submitted in December. KCBS held several meetings with the legal office coordinator to clarify the reporting requirements and other grant related procedures. Halfway through the quarter, the office coordinator was replaced by a new staff member. Such development to some extent slowed down the progress of the grant implementation. According to OEK’s report, the legal office has generated more than €4,000 in fees from legal and administrative services. This number exceeds the condition of €1,500 generated revenues set in the grant agreement for quarter one. However, the quality of the reporting and office management needs serious improvements. As there is no separate book keeping system for the legal office, review of financial records (in particular expenses incurred by the office) is complicated.

### ***Activity 9.2.3: Train association executives in best association management practices***

On November 21 KCBS held the first workshop under the KCBS training program for association executives entitled “The role of executive in revenue generation and fundraising.” Representing all of KCBS supported associations, including representatives from OEK’s legal office, 22 participants attended the workshop. Mimoza Kusari-Lila, Executive Director of AmCham and key speaker at the first workshop shared lessons learned from the experience of AmCham in revenue generation and fundraising. She gave an interesting overview of the preconditions for a well-functioning and financially sustainable association. Diturie Hoxha, Manager of KBA talked about KBA’s experience in fundraising for the 2007 finance fair, what went well and what did not work. Finally, Agim Shahini, Head of AKB, talked about the board’s involvement in fundraising and support to executive staff. At the end of the session, KCBS-supported associations asked the speakers questions and talked about their experiences in revenue generation and fundraising. We received very positive feedbacks from the participants at this workshop, including the suggestion that for future workshops more time should be allotted in the agenda for comments and discussions from the workshop participants. Following this workshop will be a series of five similar training events planned for year four on best association management practices.

## **9.3 Strengthen Business Consulting Capacities**

### ***Activity 9.3.1: Promote the business consultancy profession in Kosovo***

In cooperation with BAS/EBRD Program, KCBS hosted the kickoff meeting of the BDS [Business Development Services] forum at OEK’s facilities on December 6. The event brought together more than 50 participants, including business consultants and BCC, donors (such as KCBS/USAID, BAS, EAR, GTZ and KOSVET 4) and MTI officials. The purpose of the meeting was to increase awareness among the private sector of the benefits of professional consultancy services. The notable presence of donors gave the meeting the character of an industry roundtable, where donors presented their projects in support of business consultancy sector. The first signs of coordination amongst the donors were shown at this meeting. Participants liked this novelty that different donors and MTI were face to face with private sector representatives to discuss their project and made sincere attempts to coordinate efforts among themselves and with private sector. At this meeting, participants discussed how different industry stakeholders can contribute to the consolidation of the existing consultancy market in Kosovo.

Another topic of discussion was how to promote best industry practices, such as the adoption of internationally recognized consultancy standards, codes of conduct of the profession and transparency among industry members. Hard copies of the BCC code of ethics in English and Albanian were distributed to participants and led to hot discussions on ethical issues in the industry and the need for a supervisory body. Following a presentation from the BCC Acting Head of the Board, participants engaged in hot debates on the role of BCC, its *raison d’être*, past problems and its future. The kickoff meeting also launched the

Kosovo consultancy forum, a BAS sponsored activity, originally planned to be convened in Ohrid in December. As BAS' plans for a big conference in Ohrid failed, BAS launched in a series of stakeholders' meetings on issues similar to those addressed by the kickoff meeting. KCBS will follow up with BCC members and BAS to assess the outcome of these meetings and whether we can further contribute in this direction.

#### **9.4 Increased Use of Improved Business Practices**

##### ***Activity 9.4.1: Training of taxpayers from minority regions on practical implementation of VAT calculations and customs statements***

The consulting company PIRAMIDA, through a subcontract with KCBS, will implement this activity in the second quarter. For details see section 9.4.3

##### ***Activity 9.4.2: Training of recently graduated economists/accountants on IAS/KAS standards***

The consulting company PIRAMIDA, through a subcontract with KCBS, will implement this activity in the third quarter. For details see section 9.4.3

##### ***Activity 9.4.3: Training in the preparation of business plans for development projects***

In the past three years KCBS has put a lot of effort in improving accounting and business practice in minority regions. However, many companies still face a number of tax problems such as VAT calculation, VAT reimbursement, filling of required declarations and customs forms and other obligations stated under UNMIK tax and customs regulations. In order to address these problems, this quarter, KCBS published an RFP in the local newspaper "Jedinstvo" in North Mitrovica calling for local partners to implement a project, which include the following components:

- i) Training on business plan preparation (implementation period December 2007-February 2008);
- ii) Training of taxpayers on practical implementation of VAT and customs duty (implementation period February.-March 2008);
- iii) Training of recently graduated economists/accountants on IAS/KAS standards (implementation period April-May 2008);

After considering the proposals received, KCBS submitted PIRAMIDA's proposal to and received consent from USAID to subcontract with PIRAMIDA. The implementation of the first component-Writing Business Plans- started in December as per the schedule.

The experience of working with private companies from Kosovo shows that most of their owners do not understand the importance of preparing and writing proper business plans. Many of them think that they need to prepare a business plan only for the purpose of applying to banks and/or donor organizations. As a result, many of them do not know how to present their business idea or use the business plan for the purpose of making sound business decisions. The objective of the first component, the preparation of business plans for development projects, is to train at least four company's owners from minority regions on business plan preparation in general, and help them prepare specific application packages required by potential investors and/or donors. PIRAMIDA has finished all material and PowerPoint presentation for this component, which will be sent to KCBS for final approval before implementing the training program.

## 10.0 CROSS-CUTTING THEMES

### 10.1 Work in Minority Areas

***Accelerating Private Sector Growth in Minority Areas:*** KCBS's work with businesses in the minority areas is intimately tied up with all of its work across Kosovo in pursuit of the project objectives for the clusters and the business-operating environment. Therefore references to work in the minority areas will be found under sections throughout the report. However, a summary of this work follows below:

- In Strpce municipality KCBS is working with the Lahor dairy plant to restart yogurt production and provide marketing assistance to the dairy processor. Technical assistance was suspended pending Lahor Dairy formally registering as a business, which they did by year end.
- In the central part of Kosovo KCBS is supporting cooperative Agro seme from Gracanica in several ways. This cooperative has applied for a SAF grant requesting MCC equipment for a new MCC it intends to establish. KCBS also facilitated a linkage for the sale of 60 MT of seed wheat between Agro seme and farmers from the Klina area. Finally KCBS has arranged for several training sessions for farmers to take place in January for members of the Agro seme cooperative.
- KCBS supported start-up businesses in two IDP returnee villages. They are Grabac and Suvo Grlo. KCBS assisted farmers from Grabac in drafting a SAF grant application as well as assisting in the registration of a farmers' agriculture association. Cooperative Suvo Grlo has applied for SAF grant requesting field equipment to be used in a machinery ring for their members.
- KCBS helped farmers from Babush in making a business plan which will assist them in a potential SAF grant application. KCBS also assisted the Babush villagers in the registration of a farmers' agriculture cooperative. Work will go forward subject to the Ministry of Returnees providing supplementary funding for construction of the broiler barn.
- KCBS worked with As-Promet and berry farmers in north Kosovo in preparing grants for new cold storage equipment which will further enhance Kosovo's capacity to market its crops of both wild, and cultivated, berries.
- In accordance with grants awarded in the previous quarter, KCBS bought and delivered equipment for sheep shearing and basic veterinary equipment to the Sheep farmers association "Golden Fleece"; and bought and delivered supplies for three MCC's to be used by Agrohit association members and MCC managers. Both organizations are in Leposavic in north Kosovo.
- Grants have been awarded this past quarter to organizations in minority areas as described below:
  - To Aves-Prom broiler farm in Zvecan municipality for equipment for broiler production and the new slaughterhouse they are constructing. KCBS will also provide assistance from a meat plant specialist STTA in developing the proper layout and design of their new facilities.
  - To Leshak-Kom in Leposavic municipality to enable them to complete a slaughtering facility which will be suitable for the company making a HACCP application.
  - To Backo Trade in Zubin Potok Municipality for new finger-jointing equipment to improve the efficiency and reduce costs in their wood processing facility.
- As is reported in 9.4 above, KCBS gave a grant to PIRAMIDA to implement some programs to improve business practices amongst businesses in north Kosovo.

## 10.2 Women's Issues

The grant agreement with the women business association, Avenija, for the installation of new PVC doors and windows, engineering flooring, isolation of the wall and tiling of veranda in the mini-textile factory, was successfully completed during this quarter. The association installed the existing equipment (eight sewing machines and two looms) donated by Finnish KFOR and signed an agreement with IOM/Support for the Stabilization of Communities in Kosovo Project. This project will financially support the training of at least 15 women and purchase of raw material needed for planned training. Training of women workers will start on January 10 and will last for one month.

KCBS facilitated a meeting between David Bilcliffe of Living History Reproduction Clothing Company and Hamide Latifi, Country Director of Women for Women International-Kosova (WfWI). Mr. Bilcliffe is interested in engaging women from Kosovo in tailoring uniforms for war reenactments and civilian clothing. Mr. Bilcliffe visited WfWI workshop and spoke to their dressmakers. He explained that if they can achieve the required quality standards and keep the price competitive, members of WfWI can be engaged on long-term basis in the Living History Reproduction Clothing market, which is currently growing very fast. This would also open up an export opportunity for Kosovo.

KCBS met with Hamide Latifi, Country Director of Women for Women International – Kosova (WfWI). The purpose of the meeting was KCBS's technical support to WfWI in relation to the upcoming visit of the representatives from Herman Miller, the biggest wood processing company from US. Herman Miller has expressed interest in exploring wood processing opportunities in Kosovo and investing \$30 million in this industry. This initiative offers chances for promoting and expanding wood processing industry in Kosovo, possibilities for entering into new regional and Western markets and generating employment for Kosovar women in the wood industry. Herman Miller has already provided funds for 100 WfWI members to be trained, 55 people as carpenters and 45 as gardeners. KCBS will help WfWI prepare a comprehensive presentation about wood processing industry in Kosovo, in order to provide Herman Miller with ideas on the kinds of products they could be interested in sourcing from Kosovo. In addition, KCBS will upgrade WfWI carpentry training curriculum, which will be divided in two levels. The first one will include training of women in Drenas workshop, and the next step will be a practical training of women selected from the first level in two wood processing companies in Kosovo.

KCBS continued to work with NGO Lady. Sanije Murati, the executive director of Lady, asked KCBS to help them in designing the organization's website. KCBS committed to help, but at the same time the organization will have to pay all expenses related to website hosting. The EU Marketing Support Project team finally finished the marketing materials, such as catalogs, fliers, stickers and two types of packaging for NGO Lady.

## 11.0 STRATEGIC ACTIVITIES FUND [S.A.F.] MANAGEMENT

For this reporting period (October–December), KCBS awarded six grant agreements, and three subcontracts. The value of signed awards for this quarter was €273,951. Of this amount €170,720, were awarded for grants and €103,231 for subcontracts.

During this reporting period, three grants and one subcontract were awarded to Livestock Cluster worth €92,900, one grant to Fruit and Vegetable Cluster, two grants and one subcontract to Construction Materials Cluster worth €142,631, and one subcontract for General Business Support worth €13,420.

From the start of the project until end of December 2007, KCBS has signed 61 fixed price subcontracts, 59 grant agreements and four procurements of goods through SAF. The total value of signed subcontracts, grants, and procurement of goods is €1,925,031. Of this amount, €1,196,564 has been awarded for grants, €664,730 for subcontracts, and €63,737 for procurement of goods. 18 grants, 29 subcontracts and four procurement of goods have been awarded for the Livestock cluster in total value of €734,083; 12 grants and three subcontracts with Fruit and Vegetables cluster worth €292,912; six grants and seven subcontracts with Construction Material cluster worth €218,415; and 23 grants and 22 subcontracts for General Business Support €679,622.

Three grants that fall under Livestock Cluster were awarded to:

Shari:	Expanding value chain of sheep milk products in Prizren Municipality
Aves Prom:	Equipment for broiler farm and slaughter house
Lesak Kom:	Completion of a slaughtering facility

One grant that falls under Fruit and Vegetables Cluster was awarded to:

Las Pallmas:	Mass production of vegetable transplants
--------------	--

Two grants that fall under Construction Materials Cluster were awarded to:

Backo Trade:	Construction of new production capacities for wood processing
Feroda:	Wood pellet production for hot water boilers

One subcontract that falls under Livestock Cluster was awarded to:

Prism Research:	Implementation of accounting systems at three poultry producers
-----------------	---

One subcontract that falls under Construction Materials Cluster was awarded to:

Eurokos:	Municipalities clean up project
----------	---------------------------------

One subcontract that falls under General Business Support was awarded to:

PIRAMIDA:	Improving of business practices in minority regions
-----------	---

During this reporting period KCBS was given an additional \$518,692 for SAF to support grant activities in minority areas, from this amount \$518,692 will be used for grants. By adding this amount, total SAF contract amount is \$2,818,692.

As soon as the minority fund was approved by USAID, KCBS started the process of notifying the organizations in minority regions for availability of funds and called the organizations to submit their full grant applications. On October 11 in North Mitrovica, and October 15 in Prishtina KCBS organized informative meetings with minority organizations to inform them about grant application procedures and trained them on how to use the forms for grant applications. By November 9, fourteen organizations had submitted their grant applications. KCBS SAF selection committee met to discuss all submitted grant applications. Three grant applications were rejected, five grant applications were recommended for approval, and three of these were approved by USAID, and six organizations were asked to submit revised grant applications. One organization that was asked to submit revised grant application decided to withdraw its grant applications, and therefore will not be considered for award from KCBS.

In January KCBS will issue a call for interested organizations to submit concept papers for “Employment Generation and Grants to Minority Regions in Kosovo”. The concept papers will be reviewed by KCBS, and all organizations that submitted concept papers that are evaluated as interesting will be invited to submit their full grant applications.

On October KCBS decided to hire a second SAF Administrative Assistant to work in the SAF department to handle the increased workload in this department through the next period of the project.

Subcontracts and Grants awarded are reported under the Strategic Activities Fund Data section later in this report.

## 11.0 PERFORMANCE-BASED MANAGEMENT SYSTEM

### 11.1 Summary

Performance Based Management System monitors progress against program targets, facilitates reporting of the results attributable to KCBS efforts and provides data for reporting to USAID. It identifies successful enterprise 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.

### 11.2 Data collection

The data is collected from 113 companies in all three clusters. The data for non-client companies on blueberry collection is consolidated in one figure and presented in the table of the data for Fruit and Vegetables cluster as “Blueberry collectors”.

From this number of companies, 27 companies are not active. Two new companies were added during this quarter. Cluster breakdown of activities, and three dropped from active clients.

Indicators for performance at the quarter end are as follows:

	After 39 Months	
	Target	Actual
Number of companies assisted	n/a	113
Increase in sales compared to baseline – euros (in millions)	38.8	97.4
Increase in sales over baseline - %	28.0%	70.4% <sup>2</sup>
Increase in FTE jobs	3,500	4,842
Increase in financing – euros (in millions)	11.5	11.3
Increase in capital investment – euros (in millions)	4.9	31.7

- ◆ The list of the main contributors to the increase in sales from the start of the project till the Q1 FY 2008 had minor changes comparing with previous quarter. Fourteen companies, Abi, NewCo Silcapor, FAN, Devolli, Tullëtorja, Pestova, Rona, Xeni, Bylmeti, Adi, Ajka, Fitofarma and Agroproduct Commerce, represent approx. 75% of the total increase in sales. Abi is topping this list with total increase in sales over annualized baseline of €16.7 million.
- ◆ The main contributors to the increase in employment from the start of the project till the Q1 FY 2008 are companies New Co. Silcapor, Tulletorja L.L.C., Agroprodukt Commerce, FAN, Soni, Bejta Commerce, Hit – Flores, Papenburg & Adriani, Ukaj, Adi, Pestova and Korenica with total of 2,663 FTE or 55% of the total increase in employment. NewCo Silcapor still has the highest increase of FTE, 692 over baseline.
- ◆ There were no changes on the list of main contributors to the increase in financing from the start of the project till the Q1 FY 2008. Tullëtorja and NewCo Silcapor with total of €4.9 million, or 43% of the total increase in financing, are still the main contributors.
- ◆ The main contributors to the increase in investment from the start of the project till the Q1 FY 2008 are companies Tullëtorja, NewCo. Silcapor, FAN, Fetoshi, Bejta Commerce, Eskavatori, Kabi, Ukaj, Korenica and Korrotica. All companies, except Kabi, belong to the construction cluster. The total increase in investment is €22.8 million or 72% of the total increase in investment for all client companies.

---

<sup>2</sup> Represents the percentage of total sales to date over total ANNUALIZED baseline sales by all companies currently in the database. Total sales to date are €235,766,890 and total annualized baseline figure for companies is €138,331,230.

### **11.2.1 Livestock [Dairy-Beef-Poultry-Animal Feed] Cluster**

Number of companies assisted	44
Number of active companies	38
Increase in sales - euros (in millions)	46.72
Increase in FTE jobs	1,292
Increase in financing – euros (in millions)	1.87
Increase in capital investment – euros (in millions)	5.87

### **11.2.2 Fruits and Vegetables Cluster**

Number of companies assisted	37
Number of active companies	27
Increase in sales – euros (in millions)	14.61
Increase in FTE jobs	1,192
Increase in financing – euros (in millions)	0.78
Increase in capital investment – euros (in millions)	1.27

### **11.2.3 Construction Materials Cluster**

Number of companies assisted	32
Number of active companies	21
Increase in sales – euros (in millions)	36.11
Increase in FTE jobs	2,358
Increase in financing – euros (in millions)	8.67
Increase in capital investment – euros (in millions)	24.59

### **11.5 Quality of the data.**

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

### **11.6 Data verification**

During the quarter PBMS specialist conducted 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, PBMS specialist also determined whether the results were caused by the KCBS intervention and thus attributable to the project.

### **11.7 Status of the Indicators**

The status of Project Indicators is set out in the Annex entitled Performance Data. The Annex gives the status of three sets of indicators:

- A. Established Indicators – those set at the start of the Project
- B. Additional Indicators agreed in April 2005
- C. New Common Indicators that were added at the start of Year Two.

## 11.0 COMMUNICATIONS AND PUBLICITY

### 11.1 Publications

During the quarter six biweekly E-Newsletters were published under the byline “A project feedback to our stakeholders”. They were distributed electronically to nearly 300 recipients on the mailing list, including ministries, governmental agencies, associations, donors, KCBS partners and even private businesses. The newsletters are published in three languages: English, Albanian and Serbian. In addition 400 Albanian language hard copies, and 100 English language hard copies are distributed to centers where they might be picked up by the general public. Each edition had one long article of approx. 600 words, and two short articles of approx. 300 words. The subject of the articles were:

- Oct. 8      Providing Greater Access to Finance      - Introducing new financing products  
                 Importance of Business Plans – Why all businesses need one  
                 Training in Agricultural Lending – Structuring loans to natural cash flows
- Oct. 22     Professionalism in Road Construction – Standard practices and procedure  
                 Kosovo’s Dairy Industry – Association support to milk producers  
                 Practical Orchardng – A practical field manual for farmers
- Nov. 5      Towards Higher Quality Milk – First steps  
                 Alfalfa Seed Multiplication – Multiplying seed can multiply profits  
                 Decorative Stones in Kosovo – An investment opportunity
- Nov. 19     Eliminating an Import Duty – Improving Kosovo’s competitiveness  
                 International Accounting Standards – Training of accountants in minority areas  
                 Kosovo Association of Concrete Producers – A sustainable association
- Dec. 5      Engineered Wood Flooring - Manufacturing a new product in Kosovo  
                 Cleaning Up the Environment – Recycling P.E.T. Bottles  
                 A Women’s Business Success Story – “NGO Lady”
- Dec. 17     Reviving the Sheep Industry – A Kosovar tradition  
                 Expanding markets – Potato chips all the year round  
                 Growth of a Business Association – Wood Processors of Kosovo

AKB, with much input from KCBS, started to publish an informational weekly newsletter [3,000 copies] in which they reported on the achievements on informal economy project (including sizing and measures to reduce informal sector). The frequency of issue was later increased to bi-weekly.

### 11.2 Media:

KCBS met with RTK director of programs and Ilir Binak, presenter of the weekly television farming program “Bujku”. The objective was to get greater coverage for agriculture through the program. KCBS proposed:

- Extending the program 15-20 minutes;
- Presenting KCBS trainings at farm locations;
- Obtaining commercial support through input suppliers’ advertisements; and
- Changing the show time to a more popular hour.

At the request of the RTK representatives KCBS wrote directly to the manager of RTK requesting consideration of these proposals. However no changes were made by RTK.

KCBS will advocate for the changes again in the next quarter, enlisting the support of the new Minister and Deputy Minister of Agriculture.

During the quarter, KCBS's work featured on several of the "Bujku" weekly programs:

- Oct. 20    Filming of the first hatchings of day-old chicks at the new Gjini Tag poultry breeder farm.
- Nov. 1     Presentation at a pasture improvement seminar of results from pasture trials conducted at all seven locations in Kosovo including practical recommendations for pasture improvement as a result of the trials.
- Nov. 8     Celebration at UVB Association in Bllagaje – Peje where KCBS, through cost-sharing grant, had converted four rooms into long-term refrigerated storage chambers for apples.
- Nov. 11    Presentation at an alfalfa seed production seminar of results from the first year tests of the 5 different alfalfa varieties both for forage and seed production.
- Nov. 21    Field demonstration of Drip irrigation system in nursery of Zahir Halili from village Slivovë – Ferizaj, procured under a KCBS cost-sharing grant.
- Dec. 17    Inauguration ceremony at Pema Association in Kovrage-Peje for a semi-automated G/S/P line for apples and a building to house the equipment, procured under a KCBS cost-sharing grant.

On Dec. 18, KCBS Senior Livestock Cluster advisor gave a 5 minute interview in the KCBS offices with RTK explaining what KCBS was doing in improving food safety in the dairy, F&V and meat processing plants.

**KCBS Quarterly Report  
Strategic Activities Fund (SAF)  
January 2005 - December 2007**

**AWARDS BY CLUSTER**

KCBS Cluster	Total Approved €	Total Approved \$	Total Disbursed €	Total Disbursed \$	Remaining from Approved		
					To Be Reimbursed in €	Remaining Amount / Activities Closed €*	Total in €
Livestock	€ 734,083	\$ 953,718	€ 613,824	\$ 794,434	€ 98,791	€ 21,468	€ 120,259
Fruits & Vegetables	€ 292,912	\$ 382,876	€ 258,651	\$ 350,986	€ 26,270	€ 7,991	€ 34,261
Construction Materials	€ 218,415	\$ 306,475	€ 112,701	\$ 150,748	€ 101,897	€ 3,816	€ 105,713
General Business Support	€ 679,622	\$ 865,913	€ 540,478	\$ 710,009	€ 74,090	€ 65,054	€ 139,144
<b>Grand Total</b>	<b>€ 1,925,031</b>	<b>\$ 2,508,981</b>	<b>€ 1,525,655</b>	<b>\$ 2,006,177</b>	<b>€ 301,048</b>	<b>€ 98,329</b>	<b>€ 399,377</b>

**AWARDS BY TYPES**

Types of Awards	Total Approved €	Total Approved \$	Total Disbursed €	Total Disbursed \$	Remaining from Approved		
					To Be Reimbursed in €	Remaining Amount / Activities Closed €*	Total in €
Grants	€ 1,196,564	\$ 1,557,417	€ 864,072	\$ 1,145,986	€ 242,775	€ 89,717	€ 332,492
Fixed Price Subcontracts	€ 664,730	\$ 869,770	€ 600,743	\$ 781,850	€ 56,542	€ 7,446	€ 63,988
Procurement of Goods	€ 63,737	\$ 81,793	€ 60,840	\$ 78,342	€ 1,731	€ 1,166	€ 2,897
<b>Grand Total</b>	<b>€ 1,925,031</b>	<b>\$ 2,508,981</b>	<b>€ 1,525,655</b>	<b>\$ 2,006,177</b>	<b>€ 301,048</b>	<b>€ 98,329</b>	<b>€ 399,377</b>

\* Amount that was not spent after the completion of activity/project

Average Exchange Rate for Project Disbursements to date is **\$1.3150** to One Euro

## STATUS OF INDICATORS

### A. ESTABLISHED INDICATORS

#### IR.1.3 (1) Accelerated Private Sector Growth

**Indicator:** Company Profit Taxes Collected, Kosovo-wide

Baseline set for CY2004: €28,412,404

Target for FY2008: €43,800,000

Taxes reported are made up of:

- Profit tax from small individual businesses (sole proprietors)
- Profit tax from big individual businesses (sole proprietors)
- Profit tax from small corporations
- Profit tax from big corporations

Actual total to date in FY2008: €12,933,800

The data is for October and November 2007, while data for December is not yet processed.

#### IR.1.3 (2) Accelerated Private Sector Growth

**Indicator:** Exports as a Percentage of Imports – Kosovo Wide

**ANNUAL REPORT INDICATOR**

Baseline data for CY2003: 3.70%

Target for FY2008 12.00%.

Actual cumulative % for FY2008: 11.29%

The definition of the indicator is: exports measured as a percentage of imports measured in euros.

The data for this indicator was collected from Statistical Office of Kosovo. The data covers October and November 2007. The data for December is not processed and when received will be updated and included in the next quarterly report.

Exports for October and November 2007 were €32.63 million and imports were €288.98 million.

### **IR.1.3.1 (1) Increased Competitiveness of Targeted Clusters**

#### **Indicator: Sales within Targeted Clusters**

Baseline data for CY2004:	€35,755,626
Target Increase by end of FY2008	€50,000,000 over baseline

Cumulative sales to end Q1 of FY2008 €235,766,890

Increase in sales – in euro €97,435,660

Actual % increase in sales: 70.4%

The definition of this indicator is: Value of goods and services sold during the year is measured as gross business sale. It is an aggregate of all business sales related to the cluster over a given period. This is measured for enterprises that receive KCBS assistance directly or through SAF.

The figures for sales are calculated on enterprise level first, and then aggregated in the category of sales. Total cumulative sales from start of the project to date are €235,766,890. This figure is then measured over the baseline for the same comparative period, for e.g. if we worked with the company for 36 months (from January 05 till December 07) and we have sales data for these months, that figure will be compared with 36 months of the baseline i.e. two times the baseline year sales. Baseline established using this methodology is €138,331,230. So, we have an increase over baseline of €97,435,660, which represents 70.4% increase in sales over baseline, and is way above the targeted increase.

### **IR.1.3.1 (2) Increased Competitiveness of Targeted Clusters**

#### **Indicator: Jobs Created within Targeted Clusters**

##### **ANNUAL REPORT INDICATOR**

Baseline data for FY2003:	Taken as Zero
Target (original) Increase for FY2008	1,700 FTE
Revised Target Increase for FY2008	5,000 FTE

Actual job increase to end Q1 of FY2008 : 4,842 FTE

This indicator is defined as full time equivalent jobs in micro, small, medium and large enterprises resulting from direct KCBS assistance or through the Strategic Activities Fund.

Baseline data was set for the Annual Report at the end of FY2003 data and was taken at level zero. The same zero level was assumed for FY2004, and subsequent changes were to be measured against this zero level. The total increase of direct employees from the start of the project to date over the baseline is 4,842, including full time [3,451] and part time employees [1,391]. Records for employment, as for other indicators, have been kept on a quarterly basis, but recorded for each month separately.

The unusually large increase in FTE in this “autumnal” quarter, 643 over the end of the September figure of 4,199, is attributed to the data for jobs created in the blueberry collections. This data was not available at the end of September when the last quarterly report was prepared.

### **IR.1.3.1 (3) Increased Competitiveness of Targeted Clusters**

#### **Indicator: Labor Productivity**

Baseline data for FY2004:	Taken as Zero
Target Improvement for FY2008	20%

This indicator will be reported only annually

This indicator is defined as: decreasing labor involvement in producing the same value of sales in micro, small, medium and large enterprises, resulting from direct KCBS assistance or through the SAF. Later in the course of the project we have revised this approach and now we are using the cost of production per FTE instead of the sales.

Measurable productivity demonstrates the growing competitiveness of target clusters as well as the improved productive capacity and direct investment in enterprises. Increased productivity measures the overall capacity and ability of enterprises to become more competitive by adopting modern practices and innovating in order to increase sales value and reduce costs.

### **IR.1.3.1. (4) Improved Productive Capacity of Private Enterprise**

#### **Indicator: Value of Capital Investment within Targeted Clusters**

Baseline data for FY2004:	Taken as Zero
Target Increase in Investment by end of FY2008:	€5,000,000

Actual Increase in Investment to end Q1 of FY2008:	€31,726,241
--	-------------

This indicator is defined as: increased capital investment by, and in micro, small, medium and large enterprises resulting from direct KCBS assistance or through the Strategic Activities Fund.

The baseline in PBMS for 2004 was the actual capital investments at the companies with which we were working. This was taken as level zero. Value of capital investment from the start of the project to date is €31,726,241, figure that exceeds LOP target for capital investment. Only in Q1 FY 2008 there was an increase in investment of €785,024.

### **IR.1.3.1 (5) Strengthened Capacity to Access Credit**

#### **Indicator: Value of Financing within Targeted Clusters**

Baseline data for FY2004:	Taken as Zero
Target Increase in Financing by end of FY2008	€16,000,000

Actual Increase in Financing to end Q1 of FY2008:	€11,315,700
---	-------------

Definition of the indicator: Financing includes commercial bank, non-bank and micro financing of micro, small, medium and large enterprises, resulting from direct KCBS assistance or through financial institutions

The baseline in PBMS for 2004 was the actual financing at the companies with which we were working. This was taken as level zero. So, the total cumulative increase till the end of Q1 of FY2008 is €11,315,700. In Q1 FY 2008 there was an increase in financing of €140,000.

**IR.1.3.2 (1) Improved Business Operating Environment**

**Indicator: Number of Companies Registered – Kosovo Wide.**

**ANNUAL REPORT INDICATOR**

Baseline data for CY2003: 30,966  
Target for FY2008: 54,000

Actual Companies registered to date in FY2008: 61,373

Definition of the indicator is: The number of companies registered with Agency for Business registry in Kosovo.

The data for this quarter was received from Agency for Business Registry of Kosovo and the number is as of December 31, 2007. The LOP target for this indicator is 54,000 registered businesses by the end of FY 2008, which means that this indicator has been exceeded.

**IR.1.3.2 (2) Business Associations Responsive to Client Needs**

**Indicator: Number of Associations with Strategic Plans**

Baseline data for FY2004: Zero  
Target No. Associations with approved strategic plans in FY2008 20

Actual No. Associations with approved strategic plans to date in FY2008: 9

Definition of the indicator is: Total number of USAID supported associations with approved strategic plans.

In the first year, KCBS has given much effort in working with associations and assisting them to identify their priorities and how to get there. This resulted in seven (7) strategic plans approved by respective boards of the associations. Target for year two was additional 3 strategic plans. However, after review of the Work Plan for Year Two with USAID, it was agreed that KCBS would concentrate on ensuring sustainability of the associations with whom we had already developed strategic plans, rather than adding new associations to the portfolio. The same strategy was continued in Year Three and will continue also in the last year of the project.

**IR.1.3.2 (3) Business Associations Responsive to Client Needs**

**Indicator: % of Operating Revenues Self-Generated by the Associations**

Baseline data for FY2004: Zero  
Target for FY2008 14 self-generating > 80% of revenues

Actual No. Associations self-generating > 40% of operating revenues to date in FY2008: 6

Definition of the indicator: Value of operating revenues generated from the associations, which are independent of donor agencies' funding, expressed as a percentage of total operating revenues. Revenues include membership contributions with all types of contributions paid to the associations for their direct or indirect facilitation, and may include fees or other contributions. There were 6 associations that have generated more than 40% of operating revenues in this quarter.

Note! It was realized at the end of Year Two that an 80% goal for new associations was unrealistic in the period of this project, and the goal was reduced to 40%.

**IR.1.3.2 (4) Business Associations Responsive To Client Needs**

**Indicator: Number of Associations employing Permanent Staff**

Baseline data for FY2004:	Zero
Target by end of FY2008	14 associations

Actual No. Associations employing permanent staff at end of Q1 of FY2008: 13

The target for FY2008 is set that at least 14 associations will have employed non-volunteer staff. By the end of the first quarter of FY2008, the number of associations employing permanent staff was thirteen (13).

## **STATUS OF INDICATORS**

### **B. ADDITIONAL INDICATORS AGREED IN APRIL 2005**

#### **IR. 1.3.1.2. Improved Quality Control**

##### **Indicator: Number and type of standards approved by target associations**

KCBS has worked to encourage legislation that allows associations to be recognized as accredited standard setting bodies. We have also worked with the newly created Kosovo Standardization Agency to allow for independent (extra-governmental) testing labs, a precondition to associations driven standards. The status of the indicator for FY2005 is zero.

There are many improvements in the field of Quality Control, which are needed in Kosovo. Several organizations are addressing the issue, most notably the EU/EAR which is driving a path to compliance with EN standards. KCBS can only make recommendations and encourage the establishment of a standards infrastructure and culture. Nonetheless, as part of our objective of achieving Improved Quality Control, KCBS will monitor improvements in the coming years in such areas as:

- Number of associations with Quality Standards Committees
- Number of accredited independent testing labs
- Number of associations with published products standards
- Number of associations with published process standards (best practices)
- Number of certified members by associations

None of USAID supported associations is accredited for setting or approving standards.

#### **IR.1.3.2 Improved Business Operating Environment**

##### **Indicator: Business Environment Index**

The project on Business Conditions Index (BCI) was performed during Year One. BCI in Kosovo in 2005 helps to better understand business regulatory framework. It provides critical information to all agents in Kosovo. The overall purpose of compiling BCI in Kosovo was to evaluate the competitive position of the Kosovo business environment relative to current and future trading partners. It was also intended that findings from this project would contribute to, and substantially improve, the dialogue between the private sector and the government in Kosovo and help them improve the business environment in Kosovo.

There were seven components that are part of BCI, and for them a total of 27 different measures. KCBS selected three measures, and one associated measure, on which Kosovo scores least satisfactorily and on which KCBS, through its program activities, has the opportunity to make some positive impact. These measures were:

- Cost to Create Collateral (% of income per capita)
- Private Bureau Coverage (borrowers per 1000 capita)
- Cost of Enforcing Contracts (cost as % of debt)
- Number of Unresolved Claims

It was intended that the methodology to be used for measuring these four indicators would be similar to that used for the BCI in 2005 and would be based on research and analysis of laws and regulations, with inputs and verifications from local government officials, lawyers, business consultants, and other professionals.

However, KCBS has not proposed another assignment for a consultant to conduct a survey, and no survey has been conducted in FY2006, FY 2007 or in FY2008. The KCBS project focus has moved away from areas where the project's ability to influence change is limited, and to areas where resources can be expended to have a more immediate and practical benefit.

#### **IR.1.3.2.1 Strengthened Business Consulting Services**

**Indicator: Number of businesses using business consulting services**

The number reported is 658 that consist of the companies that KCBS is working with, also companies benefited from voucher scheme of MTI and KCBS. The data was also collected from members of Business Consulting Council. Only in this quarter, this number increased by 22 from the data collected from BCC members.

#### **IR.1.3.2.2 Improved Capacity for Policy Dialogue**

**Indicator: Number of Private-Public Dialogue Task Group Recommendations Implemented**

The following is a list of new KCBS initiated projects in furtherance of the recommendations of the Private-Public Dialogue Task Groups:

- KCBS provided OEK with grant for its Legal Office to strengthen provision of arbitration and other legal services for commercial disputes.
- With KCBS support, AKB completed a project on informal economy at three pilot municipalities (Prizren, Pejë and Ferizaj). Different activities have been accomplished during the seven months project, such as:
  - establishment of working groups to review the existing laws and regulations;
  - promotion of formal economy, through a media campaign; and
  - a conference which presented the recommendations of the working groups and where the activities among business associations and decision-makers were coordinated.

At meetings held at KCBS, AKB and at three selected municipalities, two working groups were established from representatives of business community and decision makers. Open debates on informal economy and corruption were held at three local TVs in three Kosovo municipalities.

AKB organized a mid report conference to present their work on informal economy and future steps, and coordinate the activities among businesses and decision-makers. The TV spot on informal economy was prepared and broadcasted for the period of 40 days at to national and two local TVs.

1,000 brochures on informal economy were prepared, published and distributed to businesses and decision makers. At the final conference on informal economy AKB presented the achievements of this project and future steps in order to implement priorities set by the working groups.

AKB started to publish a weekly newsletter in 3,000 copies which included the achievements on informal economy project (including sizing and measures to reduce informal sector).

## **STATUS OF INDICATORS**

### **C. STATUS OF THE NEW COMMON INDICATORS**

Total number of companies that KCBS assisted from the beginning of the project is 113. However, there are more companies and individuals that are assisted directly by KCBS or through associations. We are capturing that number of assisted entrepreneurs through indicator 2 – Number of entrepreneurs receiving services supported by USAID.

**Indicator 1: Total number of enterprises benefiting from USAID business development assistance**

The total number of USAID–assisted enterprises to date in FY 2008 is 113 (plus Blueberry collectors aggregated as one client). The number represents direct KCBS clients since the start of the project.

**Indicator 2: Number of entrepreneurs receiving services supported by USAID**

The actual cumulative number of entrepreneurs to date in FY 2008 is 6. This number represents clients assisted by KCBS through associations.

**Indicator 3: Number of firms using improved accounting and reporting as result of USAID-assistance.**

The total number of companies using accounting assistance to date in FY 2008 is 3. The project supported by KCBS to improve recordkeeping of the companies of poultry sub-cluster continued its implementation on three companies.

**Indicator 4: Number of people trained**

The total number of people trained to date in FY 2008 is 1,139. Below is the number of participants by the type of activity in the first quarter of FY 2008:

- Number of participants in USAID-assisted conferences 222
- Number of participants in USAID-assisted trainings 503
- Number of participants in USAID-assisted training workshops 98
- Number of people attending USAID-assisted seminars 38
- Number of people attending USAID-assisted meetings 47
- Number of people attending USAID-assisted field days 61
- Number of people attending presentations and roundtables 56
- Number of people attending presentations 114

A list of all the trainings given by KCBS in the Quarter is presented at the end of this Section. These trainings fell within the Guidelines of ADS 253.3.3, which states that "Sponsoring Missions or their Implementers do not need to enter data in TraiNet for any in-country training programs or sub-programs of less than three consecutive class days in duration, or 15 contact hours scheduled intermittently".

No trainings qualified for entry into TraiNet.

**Indicator 5: Number of full time jobs in excess of two weeks**

The number of full time jobs of 4,842 is related to the IR.1.3.1 (2) Jobs created within targeted clusters. These are the additional jobs created over the baseline.

**Indicator 6: Number of USAID-assisted transactions completed by local firms with US and other foreign firms.**

The total number of USAID-assisted transactions completed by local firms with US and other foreign firms in FY 2008 to date is 573. Below is the number of transactions segregated by the type and origin in the first quarter of FY 2008:

- Number of importing transactions
  - From US firms 10
  - From other foreign firms 444
- Number of exporting transactions
  - To US firms 0
  - To other foreign firms 119

**Indicator 7: Total annual value of transactions of USAID-assisted firms with US and other foreign firms.**

The total value of transactions of USAID-assisted firms with US and other foreign firms to date in FY 2008 is €12,328,480. Segregated by the type and origin, this data is as follows:

- Value of importing transactions
  - From US firms €217,000
  - From other foreign firms €9,714,690
- Value of exporting transactions
  - To US firms 0
  - To other foreign firms €2,396,790

**Indicator 8. Number of people trained in trade and investment.**

There was no activity performed on trade and investment.

## **ACTIVITY IN THE QUARTER – BY CLUSTER**

KCBS intervened at 86 companies in the quarter.

Data has been collected for:

- 38 companies from the Livestock [Dairy-Beef-Poultry-Animal Feed] Cluster;
- 27 companies from Fruits and Vegetables Cluster; and
- 21 companies from Construction Materials Cluster.

Two new companies were added during this quarter:

- One in Fruits and Vegetables Cluster (Halim Dervishi); and
- One in Construction Cluster (Tefik Çanga).

Three companies turned into non-active clients during this quarter:

- Two companies in Fruits and Vegetables Cluster (Vesa and Agros); and
- One company in Construction Materials Cluster (NewCo. Silcapor)

In the tables below, data are presented for all active clients (86 companies, plus data for blueberry collectors consolidated in one figure) as well as data carried forward for KCBS inactive clients (27 companies) up to the point at which they became inactive.

The data presented in the tables and graphs below represent cumulative increases in the primary indicators on a cluster analysis.

## 1. Livestock [Dairy-Beef-Poultry-Animal Feed] Cluster

Increase in sales in Livestock Cluster represents 48% of total increase at project level.

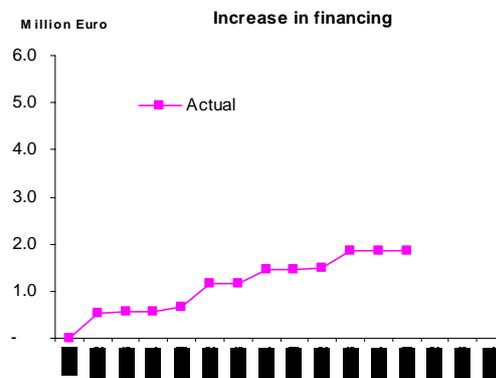
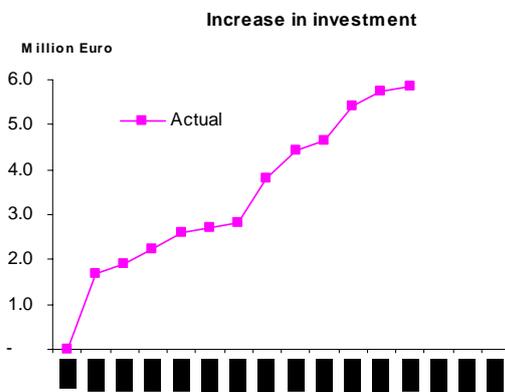
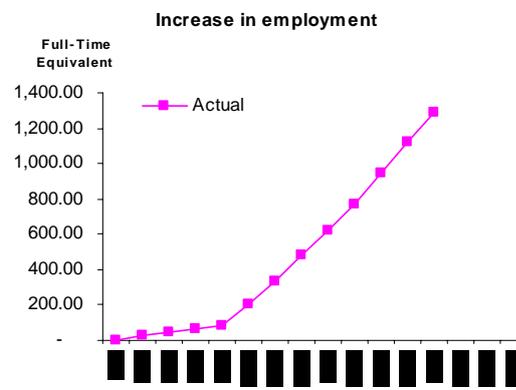
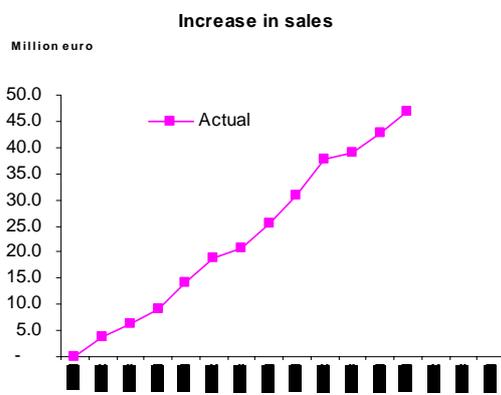
From 4,842 new FTE gained by the project, there are 1,292 new jobs in livestock cluster or 27% of the total increase in employment.

Increase in investment represents 18% of the total project increase.

Increase in financing represents 17% of total project increase.

The main contributors to the increase in sales are the two leaders of the livestock cluster, Abi and Devolli. Their increase in sales reached, by the end of this quarter, over 53% of the total increase in sales in the livestock cluster.

Below is the graphical presentation of increase in primary indicators in Livestock Cluster from the start of the project to date:



**Table 1. Change in primary indicators by company - Livestock cluster**

<b>No.</b>	<b>Company name</b>	<b>Increase in sales</b>	<b>Increase in FTE</b>	<b>Increase in Financing</b>	<b>Increase in Investment</b>
1	Abi	16,721,055	60	-	180,000
2	Adi	2,471,421	128	-	253,500
3	Agroleu	11,162	1	-	-
4	Agrounion	(3,987,085)	93	200,000	53,000
5	Ajka	2,378,347	33	8,200	71,500
6	Aldi	524,190	33	28,900	29,000
7	Bylmeti	2,535,298	53	107,300	242,500
8	Dardania Farm	126,230	4	-	53,200
9	Devolli	7,927,207	83	-	30,000
10	Disa	31,134	5	-	-
11	Diti	1,124,893	15	5,000	50,000
12	Euroлона	79,301	19	145,000	296,000
13	Fauna	1,460,133	29	300,000	800,000
14	Fit Dani	22,812	41	-	57,000
15	Fitofarma	2,345,331	28	-	119,500
16	Gjini & Tag	(916,918)	26	-	40,000
17	Golaj	237,580	19	32,800	69,000
18	Jazi	1,167,403	9	35,000	114,000
19	Kabi	(1,376,256)	50	600,000	1,270,000
20	Koxha Commerce	192,877	37	10,000	105,000
21	Lahor	(22,385)	10	-	-
22	Legjendasi	1,387	5	-	-
23	Lulja e Sharrit	503,793	11	150,000	40,000
24	Luma Commerce	(81,780)	6	-	-
25	Magic Ice	640,950	4	50,000	400,000
26	Maloku	700,273	33	-	125,000
27	Mazreku	408,937	19	5,000	96,950
28	Qengji	1,361,873	17	-	35,275
29	Rona	4,115,514	38	30,800	20,000
30	Rudina	248,080	32	-	-
31	Sazli	711,836	19	-	10,000
32	Shala	479,430	26	4,300	65,000
33	Sharri	127,871	1	10,000	20,000
34	Simental	36,861	5	-	-
35	Soni	1,975,796	203	-	959,500
36	Taka	774,537	37	-	60,000
37	Te Lirimi	61,208	3	-	-
38	Xeni	2,977,290	23	-	13,000
<b>Total active clients</b>		<b>48,097,586</b>	<b>1,258</b>	<b>1,722,300</b>	<b>5,677,925</b>

1	Agraria Commerce	108,924	7	-	52,200
2	Agronomi	(1,531,750)	15	-	6,800
3	Luli Commerce	-	-	-	-
4	Premium Vet	62,752	12	150,000	131,000
5	Teuta mi	-	-	-	-
6	Tusha	(18,124)	-	-	-
<b>Total inactive clients</b>		<b>(1,378,198)</b>	<b>34</b>	<b>150,000</b>	<b>190,000</b>
<b>Grand Total</b>		<b>46,719,388</b>	<b>1,292</b>	<b>1,872,300</b>	<b>5,867,925</b>

## 2. Fruits and Vegetables Cluster

Increase in sales in Fruits and Vegetables cluster represents 15% of total increase at project level.

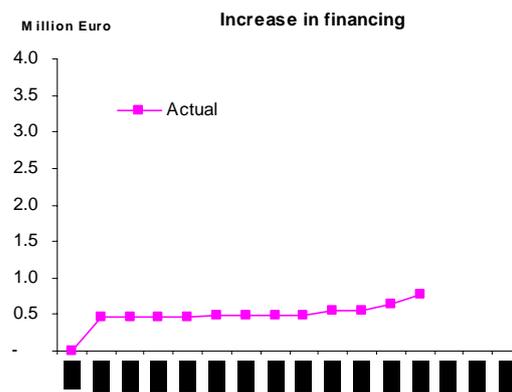
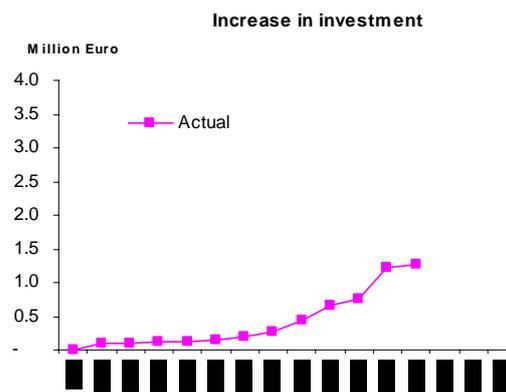
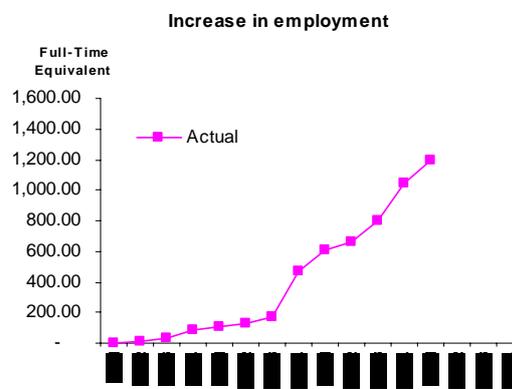
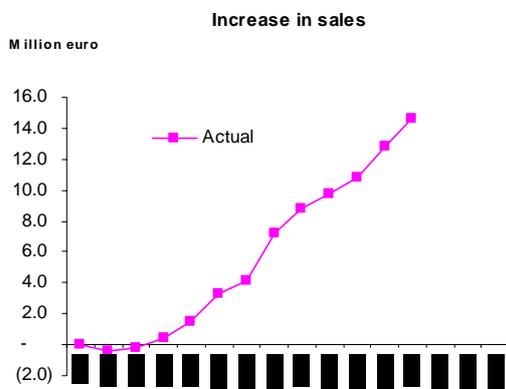
From 4,842 new FTE gained by the project, there are 1,192 new jobs in Fruits and Vegetables cluster or 24% of the total increase in employment.

Increase in investment represents 4% of the total project increase.

Increase in financing represents 7% of total project increase.

The main contributors to the increase in sales are the two leaders in the Fruits and Vegetables cluster, Pestova and Agroprodukt Commerce. Their increase in sales reached, by the end of this quarter, 45% of the total increase in sales in the cluster.

Below is the graphical presentation of increase in primary indicators in Fruits and Vegetables Cluster from the start of the project to date:



**Table 2. Change in primary indicators by company - Fruits and vegetable cluster**

No.	Company name	Increase in sales	Increase in FTE	Increase in Financing	Increase in Investment
1	Agrocompany	866,000	28	50,000	30,000
2	Agroprodukt Commerce	2,315,159	260	-	242,690
3	Agroprodukt-Syne	477,872	69	10,000	-
4	Agroservis	3,637	1	-	9,289
5	As-Promet	142,630	8	-	-
6	Delta Pomfrit	563,500	23	-	95,805
7	Dinamanti	(1,535)	1	-	6,179
8	Dredhëza	(20,203)	10	-	3,450
9	Eurofruti	1,199,488	99	20,000	-
10	Fidanishtja Zahiri	11,541	1	-	4,442
11	Fruti	(5,651)	3	-	8,250
12	Fungo FF	109,750	28	10,000	-
13	Halim Dervishi	9,230	1	-	3,476
14	Hit - Flores	581,856	155	70,000	5,000
15	Ideal Gashi	(9,400)	-	-	15,000
16	INP	364,790	13	-	26,800
17	Juniperi Fructus	39,232	31	5,000	10,000
18	KB Qingjat e Sharrit	144,072	12	20,000	20,000
19	Lekë Duhani	5,235	1	-	4,148
20	Moni	(28,340)	-	2,400	-
21	Pema	43,030	10	-	14,000
22	Pestova	4,282,630	114	-	584,804
23	Pisha	142,069	12	74,000	65,000
24	Skardus	(867)	3	20,000	51,600
25	Tini Commerce	204,000	-	-	2,500
26	UVB	45,750	9	-	20,000
27	Zejna	311,370	15	-	25,100
28	Blueberry Collectors	1,466,500	240	-	-
<b>Total active clients</b>		<b>13,263,345</b>	<b>1,147</b>	<b>281,400</b>	<b>1,247,533</b>
1	Abi - Trade	90,967	-	-	-
2	Abi & Elif 19	(444,285)	1	-	-
3	Agroalbi	(8,484)	1	-	-
4	Agros	127,229	1	-	-
5	Albi	1,193,173	12	470,000	-
6	Elkos	-	-	-	-
7	KG Zahaqi	44,327	11	-	-
8	Sani	(36,233)	10	25,000	20,000
9	Vesa	55,450	(1)	-	-
10	Visari	323,130	10	-	-
<b>Total inactive clients</b>		<b>1,345,274</b>	<b>45</b>	<b>495,000</b>	<b>20,000</b>
<b>Grand Total</b>		<b>14,608,619</b>	<b>1,192</b>	<b>776,400</b>	<b>1,267,533</b>

### 3. Construction Materials Cluster

Increase in sales in Construction Materials cluster represents 37% of total increase at project level.

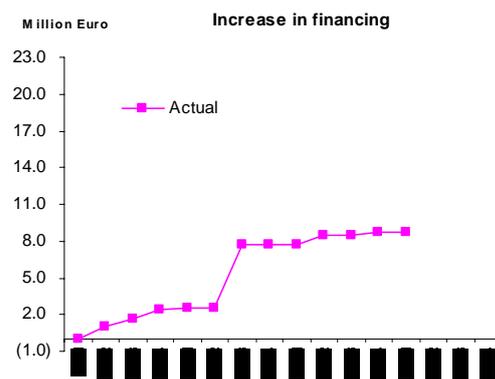
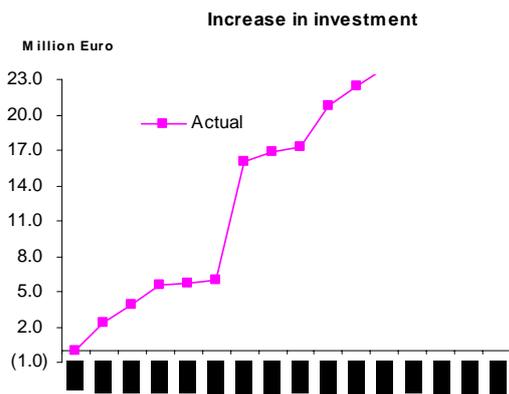
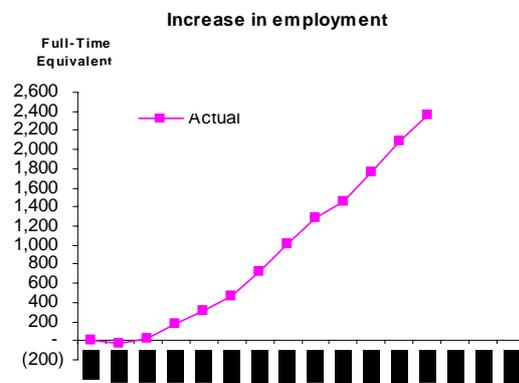
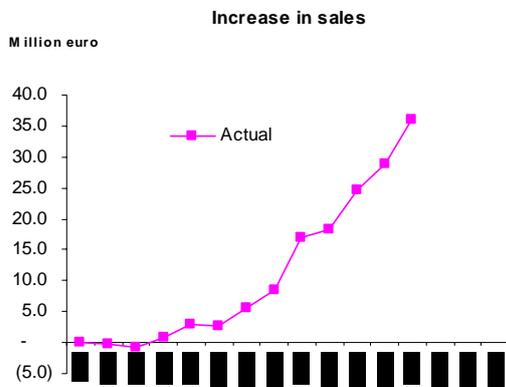
From 4,842 new FTE gained by the project, there are 2,358 new jobs in the Construction Materials cluster or 49% of the total increase in employment.

Increase in investment represents 78% of the total project increase.

Increase in financing represents 76% of total project increase.

Although NewCo Silcapor was removed from the list of active clients for the reason that he was not cooperating with the project, the company remains the main contributor to the total increase in sales from the start of the project till now. Other contributors, from active clients, are FAN Zahir Pajaziti and Tullëtorja.

Below is the graphical presentation of increase in primary indicators in Construction Cluster from the start of the project to date:



**Table 3. Change in primary indicators by company – Construction cluster**

No.	Company name	Increase in sales	Increase in FTE	Increase in Financing	Increase in Investment
1	Ana	78,778	13	20,000	33,000
2	As	257,900	48	-	189,000
3	Bejta Commerce	814,461	192	885,000	1,834,050
4	Brest PMP	357,664	17	50,000	59,700
5	Eko-Kim	(4,870)	2	-	8,500
6	Eskavatori	1,038,697	65	100,000	1,569,000
7	FAN Zahir Pajaziti	9,802,180	244	800,000	3,760,516
8	Fetoshi	545,952	5	-	2,060,000
9	Gacaferri	1,071,550	95	-	399,217
10	Graniti	1,333,441	(1)	-	45,500
11	KAG Asphalt	880,558	47	250,000	925,905
12	Kamilja	655,060	32	-	24,000
13	Korenica	844,134	108	550,000	1,161,300
14	Lin Projekt	619,834	8	-	8,000
15	Niti Com	22,400	1	15,000	23,500
16	Papenburg & Adriani	(4,305,685)	144	-	518,694
17	Renelual Tahiri	1,752,726	5	-	440,000
18	Tefik Çanga	77,535	12	-	33,000
19	Tulletorja LLC	4,478,227	280	3,200,000	4,942,291
20	Ukaj	754,137	142	825,000	1,235,110
21	Vëllezërit e bashkuar	990,247	23	-	98,000
	<b>Total active clients</b>	<b>22,064,926</b>	<b>1,482</b>	<b>6,695,000</b>	<b>19,368,283</b>
1	Aragonit	-	-	-	-
2	Brovina	468,537	20	-	65,000
3	Eurokos	283,770	1	-	22,000
4	Famis Commerce	-	-	-	-
5	Kopaonik	-	-	-	-
6	Korrotica JSC	1,360,576	60	250,000	1,087,500
7	Lesna	234,066	68	-	80,000
8	Markovic	-	-	-	-
9	New Co. Silcapor	11,004,845	692	1,722,000	3,911,000
10	Vëllezërit Rama	(2,988)	5	-	5,000
11	Wood Combine New Co	693,921	30	-	52,000
	<b>Total inactive clients</b>	<b>14,042,727</b>	<b>876</b>	<b>1,972,000</b>	<b>5,222,500</b>
	<b>Grand Total</b>	<b>36,107,653</b>	<b>2,358</b>	<b>8,667,000</b>	<b>24,590,783</b>

## KCBS Quarterly PBMS Report

### Annual Goals and Results

ALL YEARS ARE U.S. GOVT. FISCAL YEARS [commencing 01 October]

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2004 Target	2004 Actual	2005 Target	2005 Actual	2006 Target	2006 Actual	2007 Target	2007 Actual	2008 Target	2008 Actual
<b>1.3</b>	<b>Accelerated Private Sector Growth</b>													
Indicators														
1	Value of company profit taxes collected	Euros	2003	28,412,404	34,100,000	42,840,000	38,200,000	39,228,497	40,500,000	38,054,639	42,100,000	57,430,732	43,800,000	12,933,800
2 (AR)	Exports as a percentage of imports	Percent	2003	3.70%	4.00%	4.90%	6%	5.59%	8%	6.11%	10%	8.72%	12.00%	11.29%
<b>1.3.1</b>	<b>Increased Competitiveness of Targeted Clusters</b>													
Indicators														
1	Increase in sales among targeted enterprises	Euro	2003	0	0	35,755,626	10,000,000	6,682,433	20,000,000	34,720,638	35,000,000	84,505,327	50,000,000	97,435,660
	% increase in sales over current baseline (€138,331,230)	Percent	2004	0	0	0	5%	22.2%	10%	44.5%	31.7%	66.0%		70.4%
2 (AR)	Jobs created within targeted clusters	Number	2003	0	0	0	200	327	600	1,860	1,100	4,199	1,700	4,842
2a.	Jobs created within targeted clusters (Revised targets of KCBS)	Number	2003	0	0	0	400	327	1000	1,860	3,000	4,199	5,000	4,842
3	Labor productivity among targeted enterprises	Number	2005	0	0	0	5%	-11%	10%	-9%	15%	16.6%	20%	0%
<b>1.3.1.1</b>	<b>Improved Productive Capacity of Private Enterprises</b>													
Indicators														
1	Increased capital investment among targeted enterprises	Number	2004	0	0	0	1,500,000	7,881,475	3,000,000	20,985,588	4,000,000	30,941,217	5,000,000	31,726,241
<b>1.3.1.2</b>	<b>Improved Quality Control</b>													
Indicators														
1	Number and type of standards approved by target associations	Number	2004	0	0	0	0	0	TBD	0	TBD	0	TBD	0
<b>1.3.1.3</b>	<b>Strengthened Capacity to Access Credit</b>													
Indicators														
1	Increased financing among targeted enterprises	Euro	2003	0	0	0	3,000,000	3,380,200	6,000,000	9,664,300	10,000,000	11,175,700	16,000,000	11,315,700

## KCBS Quarterly PBMS Report

### Annual Goals and Results

ALL YEARS ARE U.S. GOVT. FISCAL YEARS [commencing 01 October]

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2004 Target	2004 Actual	2005 Target	2005 Actual	2006 Target	2006 Actual	2007 Target	2007 Actual	2008 Target	2008 Actual
<b>1.3.2</b>	<b>Improved Business Operating Environment</b>													
<b>Indicators</b>														
1 (AR)	Number of companies registered - two quarters	Number	2003	30,966	37,000	40,703	42,000	48,497	47,000	65,051	51,000	60,308	54,000	61,373
2	Business Environment Index (reduction of business constrains)												TBD	0
2a.	a. Cost to create collateral - % of income per capita	Percent	2004	22.0%			N/A	N/A	16.0%	0	12.0%	0	8.0%	0.0%
2b	b. Private bureau coverage - number of borrowers per 1000 capita	Number	2004	46.8			N/A	N/A	100.0	0	200.0	0	400.0	0.0
2c	c. Cost of enforcing contracts - cost as a % of debt.	Percent	2004	29.0%			N/A	N/A	26.0%	0	23.0%	0	20.0%	0.0%
2d	d. Number of unresolved claims	Number	2004	N/A			N/A	N/A	TBD	0	TBD	0	TBD	0
<b>1.3.2.1</b>	<b></b>													
<b>Indicators</b>														
1	Number of businesses using business consulting services	Number	2004	0	0	0	N/A	N/A	TBD	0	TBD	636	TBD	658
<b>1.3.2.2</b>	<b>Improved Capacity for Policy Dialog</b>													
<b>Indicators</b>														
1	Number of Private-Public Task Group recommendations implemented	Number	2004	0	0	0	N/A	N/A	TBD	0	TBD	-	TBD	0
<b>1.3.2.3</b>	<b>Business Associations Responsive to Client Needs</b>													
<b>Indicators</b>														
1	Number of associations with approved strategic plans	Number	2004	0	0	0	6	7	10	7	14	9	20	9
2	Percent of non-donor revenues generated by the associations	Percent	2003	0	0	0	4>50%	4>50%	7>70%	4>40%	10>80%	6>40%	14>80%	6>40%
3	Number of associations employing non-volunteer staff	Number	2004	0	0	0	3	7	5	12	8	12	14	13



## RECORD OF TRAININGS PERFORMED DURING THE QUARTER

The following trainings were entered into USAID's TraiNet Website by the KCBS Project:

**None.**

The following trainings, which were funded/supported by the KCBS Project, were NOT entered into USAID's TraiNet Website. These trainings fell within the Guidelines of ADS 253.3.3, which states that "Sponsoring Missions or their Implementers do not need to enter data in TraiNet for any in-country training programs or sub-programs of less than three consecutive class days in duration, or 15 contact hours scheduled intermittently".

Date	Location		Objective of the Training	Training Presenter(s)	Attendees		Approx Dur'n
	Place	Village/ Municipality			M	F	
10.09.07	Zahir Halili's farm	Slivove/Ferizaj	To present the beneficial effect of using drip irrigation system on the quality of fruit tree transplants.	KCBS [Reshat Ajvazaj]; InterCooperation/KAD [Maxhun Shehaj]	30	4	2 hr
10.09.07	Kosovo wide	Rahovec, Theranda, Shtime	Implementation of milk standards - three locations, appx. 4 hrs each	Arben Musliu	22	0	12 hr
10.09.07	AKB	Pristina	Workshop on reduction of informal economy	Agim Shahini, Municipal representatives	5	3	4 hr
10.10.07	Bec	Gjakova	Workshop on parent farm management and proper use of incubators	Alltane Kryeziu	7	2	4 hr
10.12.07	Koni Soni, Jazi, Maloku, Perlepnica, Ardi Commerce	Gjakove, Rogove, Dubrave, Perlepnice, Viti	Training on antidumping strategy for poultry industry - five locations, appx. 5 hrs each	Samet Fetahu, Ilirjan Miftari, Mujë Gjonbalaj	106	6	25 hr
10.15.07	KWA	Korenica/Gjakova	Animal feeding	Arben Musliu	0	23	2 hr
10.15.07	AKB	Pristina	Workshop on reduction of informal economy	Agim Shahini , Municipal representatives	5	3	4 hr
10.16.07	Ymer Nitaj's farm	Drenoc/ Deqan.	To present the beneficial effect of using drip irrigation system on the quality of fruit tree transplants.	KCBS [Reshat Ajvazaj]; InterCooperation/KAD [Maxhun Shehaj]	18	9	2 hr
10.16.07	Individual training in small farms	38 farms	Hoof maintenance	Kurtesh Sherifi	38	0	24 hr

## RECORD OF TRAININGS PERFORMED DURING THE QUARTER

Date	Location		Objective of the Training	Training Presenter(s)	Attendees		Approx Dur'n
	Place	Village/ Municipality			M	F	
10.17.07	Grand Hotel	Pristina	To present new methods of road construction using new materials; new asphalt formulations; varied concrete mix designs prepared specifically for Kosovo conditions; and the role and importance of standards in road construction.	RCAK invitees from Germany, UK, Italy and Albania. MTI Construction Dept. ICMM Representative	64	6	8 hr
10.17.07	Kosovo wide	Pristina, Ferizaj,Kaçanik, Prizren,Vushtrri	Antidumping measures in milk industry - five locations, appx. 4 hrs each	Kurtesh Sherifi	50	0	20 hr
10.17.07	Ag Faculty	Pristina	Importance of vaccination with MAREK	Jeton Muhaxhiri	11	0	2 hr
10.22.07	Grand Hotel	Pristina	Workshop on reduction of informal economy	Agim Shahini , Municipal representatives	50	6	8 hr
10.24.07	Kosovo wide	Lipjan, Malisheva, Obiliq, Peja, Istog, Podujeva, Prizren, Viti	Recordkeeping in farms - eight locations, appx. 4 hrs each	Kurtesh Sherifi, Arben Musliu	69	0	32 hr
10.26.07	Agrocultura Assoc.	Obilic	General Agrobusiness training. Included presentations on mastitis control; new hybrids/varieties for crops and better agronomic practices; and basic marketing for producers - dairy, crops and F&V.	Heffers International; KCBS [Al Wanous]; KCBS [Milazim Makolli]; KCBS [Todd Kirkbride]	19	1	2 hr
10.27.07	Kosovo wide	Gjakova, Peja, Petrova, Klina, Lugbunar, Skivjan	Training on antidumping strategy for poultry industry - six locations, appx. 4 hrs each	Halim Gjergjizi	43	0	24 hr
10.31.07	Agroproduct Commerce	Peran, Podujeve	To cover the fundamentals of freezing, effective methods of preparing and freezing specific commodities, and technology and information essential to the frozen food industry. The training will provide for a thorough discussion of the principles of freezing and refrigeration systems; raw material handling and freezing techniques for fruits and vegetables; and packing and storage of frozen foods.	Independent Specialist [Maliq Maliqi]	11	3	3 hr
11.01.07	Pristina	Pristina	HAK Pasture improvement seminar	Fadil Millaku, Idriz Vehapi	36	2	4 hr
11.05.07	Raw milk lab	Pristina	Training of the raw milk lab staff how to categorize samples of raw milk	KCBS (Arben Musliu)	2	1	2 hr

## RECORD OF TRAININGS PERFORMED DURING THE QUARTER

Date	Location		Objective of the Training	Training Presenter(s)	Attendees		Approx Dur'n
	Place	Village/ Municipality			M	F	
11.07.07	Mushtisht	Theranda	Improving crop production, animal health, marketing	KCBS [Al Wanous];KCBS [Milazim Makolli];	26	0	2 hr
11.08.07	Obiliq	Obilic	Presentation of the crop production & Animal Health	KCBS [Al Wanous];KCBS [Milazim Makolli];	40	4	2 hr
11.08.07	Rahovicë	Ferizaj	Presentation of the crop production & Animal Health	KCBS [Al Wanous];KCBS [Milazim Makolli];	21	23	2 hr
11.14.07	Scardus	Shterpce	Cold chain development training	Maliq Maliqi	19	0	3 hr
11.20.07	Hotel Victory	Pristina	Workshop on packaging and design	Dejan Vukelic	38	14	4 hr
11.21.07	Pema	Kovrage	Workshop on sorting, grading and packaging of apples	Peter Kovac	10	0	4 hr
11.21.07	KCBS	Pristina	The role of executives in revenue generation	Mimoza Kusari (Amcham), Diturie Hoxha (KBA), Agim Shahini (AKB), Safo Musta (KCBS)	8	7	3 hr
12.04.07	KACP	Pristina	Concrete Quality	Sefer Susuri, Naser Kabashi, Driton Kryeziu	74	8	4 hr
12.05.07	AWPK	Pristina	Conference of AWPK	AWPK	64	6	6 hr
12.05.07	Keqekollë	Pristina	Increased reproduction in farms	Kurtesh Sherifi	7	0	2 hr
12.06.07	OEK	Pristina	Consultancy forum kickoff meeting	Martin Wood, Ekrem Hoxha, Naser Grajçevci, Luan Dalipi	38	9	4 hr
12.10.07	Gjilan	Gjilan	Mastitis prevention	Kurtesh Sherifi, Arben Musliu	8	0	2 hr
12.12.07	As Promet	Leposavic	Cold chain development training	Maliq Maliqi	12	0	3 hr

**Construction Cluster**



**Cleaning of the Klina River**



**Cleaning of the Vushtrri Municipality**



**Renelual Tahiri concrete plant**



**RCAK Road industry conference**



**Precise measuring process on EWF**



**World Learning training in Forest Certification –  
Field day in Ahiste forest**

**Fruits & Vegetables Cluster**



**Fruit tree nursery of Imer Nitaj from Drenoc - Deçan**



**Training in grafting on root stocks at Imer Nitaj's nursery**



**Potato grading and sorting machine in Agro Company at Qyshk – Peje**



**Lifting plow for local nurseries**



**Field Day - Opening of the new Cold Rooms of UVB Association**



**UVB Association new Cold Room in Peja**

**General Business Cluster**



**Two KCBS associations, KACP and RCAK, visit to Amman in Switzerland, on 6-10 December.**



**Associations Workshop on Fundraising and Revenue Generation, on 21 November**



**KACP Industry Conference covering new concreting practices on 4 December**



**First session of the Business Development Services Consultants forum on 6 December**



**AKA and AKB organize Kosovo Companies to exhibit at agribusiness fair in Tirana, Albania**



**KDPA training program - testing dairy products for fat, acidity, dry substance and antibiotics**

**Livestock Cluster**



**Golaj first time activation of the existing pasteurizer**



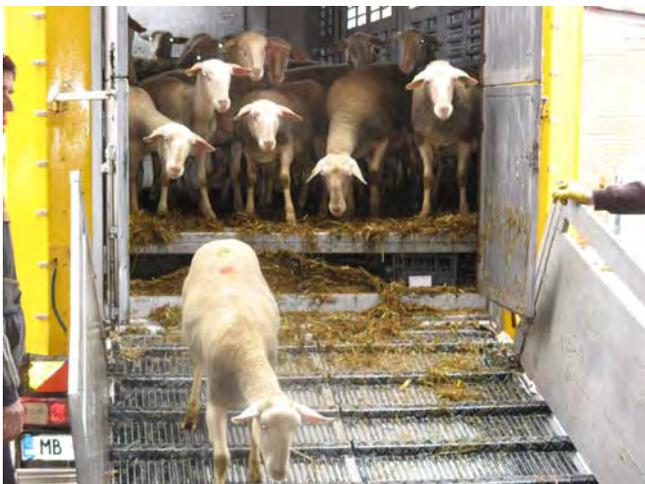
**Increasing production capacity at Golaj**



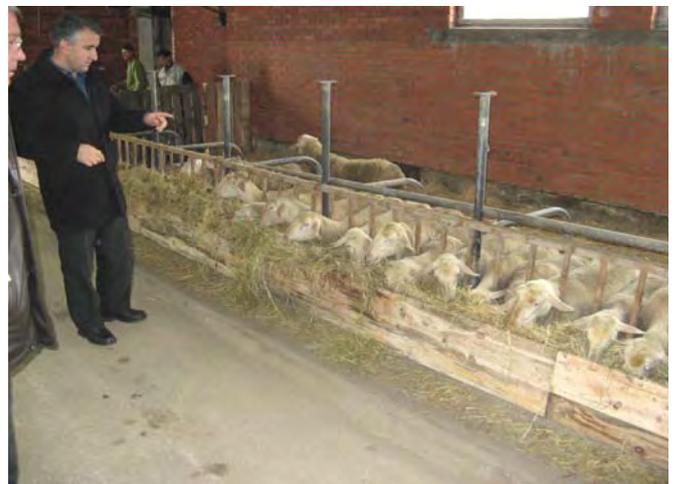
**Abi - taking the sample for testing of raw milk**



**Bylmeti - preparation product cream with peppers for export**



**Delivery of Lacaune sheep breed from Switzerland**



**Lacaune sheep in quarantine at the Agricultural Faculty Research farm**

**Livestock Cluster**



**Counting bacteria in milk isolated with 3M petrifilms**



**Aves Prom company from Zvecan - slaughter of broilers**



**Koronice Women's Association signing for receipt of concentrate from KCBS**



**Loading the concentrate at the Koronice Women's Association for distribution to individual farms**



**Introducing new forage crops – Red clover hay**



**Sexing the one day old chicks at Gjini Tag'**

**Marketing & Trade Linkages**



**Packaging and Labeling Workshop - Comma Agency Demonstrating Successful Packaging**



**Packaging and Labeling Workshop - Comma Agency Presenting Workshop**



**Packaging and Labeling Workshop - Grafoprint Packaging Company Exhibit**



**Packaging and Labeling Workshop - 'NGO Lady' Discussing Packaging**



**Agricultural Fair – October 2007**



**AmCham's second Career Fair-November 2007, supported by KCBS**