



**USAID**  
FROM THE AMERICAN PEOPLE

# Final Evaluation of Kosovo Cluster and Business Support (KCBS)

## Final Report

June 2008

This publication was produced for review by the United States Agency for International Development/Kosovo. It was prepared by The Mitchell Group under GBTI IQC : EEM-I-00-07-00002-00, Task Order: 03



This document was submitted by The Mitchell Group, Inc.  
1816 11<sup>TH</sup> Street, NW  
Washington, DC 20001, USA  
Telephone: (202) 745-1919  
Facsimile: (202) 234-1697

To  
The United States Agency for International Development/Kosovo  
under  
USAID Contract EEM-I-00-07-00002-00  
Task Order No. 03

**Disclaimer:**

This document was produced for the United States Agency for International Development. It was prepared by The Mitchell Group, Inc. for USAID/Kosovo. However the contents of the document are the sole responsibility of The Mitchell Group, Inc. and do not necessarily reflect the views of USAID or the United States Government.

# Table of Contents

## ACRONYMS

<b>I. EXECUTIVE SUMMARY .....</b>	<b>1</b>
A. Background .....	1
B. Evaluation Purpose and Objectives .....	1
C. Key Findings in Response to Priority Questions and Matters to be Revealed .....	1
<b>II. BACKGROUND AND OVERVIEW .....</b>	<b>7</b>
A. Kosovo Cluster Business Support (KCBS) Program .....	7
B. Evaluation Statement of Work .....	7
C. Evaluation Methodology .....	9
<b>III. EVALUATION OF KCBS PROGRAM .....</b>	<b>9</b>
A. Impact .....	10
B. Implementation .....	19
C. Sustainability .....	25
D. Cost Effectiveness .....	26
<b>IV. RECOMMENDATIONS:.....</b>	<b>26</b>

## APPENDICES:

APPENDIX I: LESSONS LEARNED

APPENDIX II: LIST OF PROJECT DOCUMENTS REVIEWED

APPENDIX III: LIST OF PROJECT PERSONS INTERVIEWED

APPENDIX IV: LIST OF PROJECT CLIENTS AND COUNTERPARTS INTERVIEWED

## TABLE OF ABBREVIATIONS AND ACRONYMS

<b>A. I.</b>	Artificial Insemination
<b>AKA</b>	Alliance of Kosovo Agri-business
<b>AKB</b>	Alliance of Kosovar Businesses
<b>AMC</b>	Association Management Company
<b>AmCham</b>	American Chamber of Commerce of Kosovo
<b>AWPK</b>	Wood Processors Association of Kosovo
<b>BCC</b>	Business Consulting Council
<b>BSP</b>	Business Service Provider
<b>CBAK</b>	Central Bank of Kosovo
<b>EAR</b>	European Agency for Reconstruction
<b>EAR TAM/BAS</b>	EAR Turnaround Management & Business Advisory Services Programs
<b>EAR MSTQ</b>	EAR
<b>EBRD</b>	European Bank for Reconstruction and Development USAID/Kosovo Economic Management for Stability and Growth Program
<b>EMSG</b>	European Norm
<b>EN</b>	Engineered Work Flooring
<b>EWf</b>	Global Health Organization
<b>GHO</b>	Good Hygienic Practices
<b>GHP</b>	Global Good Agricultural Practices
<b>Global GAP</b>	General Manufacturing Practices
<b>GMP</b>	Government of Kosovo
<b>GOK</b>	Hazard Analysis And Critical Control Points
<b>HACCP</b>	Horticultural Association of Kosovo
<b>HAK</b>	Kosovo Association of Concrete Producers
<b>KCAP</b>	International Accounting Standards
<b>IAS</b>	Internally Displaced Persons
<b>IDP</b>	International Finance Corporation
<b>IFC</b>	International Organization for Migration
<b>IOM</b>	Kosovo Association of Milk Producers
<b>KANP</b>	The Kosovo Bankers Association
<b>KBA</b>	Kosovo Center for Livestock Breeding
<b>KCLB</b>	Kosovo Cluster & Business Support
<b>KCBS</b>	Kosovo Development Center
<b>KDC</b>	Kosovo Dairy Processors Association
<b>KDPA</b>	Kosovo Forest Agency
<b>KFA</b>	Kilogram
<b>Kg.</b>	Kosovo Agricultural Input Dealer Association
<b>KODAA</b>	Kosovo Trust Agency
<b>KTA</b>	

<b>KVFA</b>	Kosovo Veterinary Food Agency
<b>LC</b>	Letter of Credit
<b>LLC</b>	Limited Liability Company
<b>LINK</b>	Kosovo Association of Civil Engineers
<b>LOE</b>	Level of Effort
<b>MAFRD</b>	Ministry of Agriculture, Forestry and Rural Development
<b>MCC</b>	Milk Collection Centers
<b>MESP</b>	Ministry of Environment and Spatial Planning
<b>MEM</b>	Ministry of Energy and Mining
<b>MFI</b>	Micro Finance Institution
<b>MOU</b>	Memorandum of Understanding
<b>MTI</b>	Ministry of Trade and Industry
<b>MTPT</b>	Ministry of Transportation, Posts and Telecommunications
<b>MSMEs</b>	Micro Small Medium Enterprises
<b>NGO</b>	Non Government Organization
<b>OEK</b>	Chamber of Commerce of Kosovo
<b>PBMS</b>	Performance Based Management System
<b>POF</b>	Purchase Order Finance
<b>P. E. T.</b>	Polyethylene Terephthalate
<b>QA/QC</b>	Quality Assurance/Quality Control
<b>RBKO</b>	Raiffeisen Bank of Kosovo
<b>RCAK</b>	Kosovo Association of Road Constructors
<b>SAF</b>	Strategic Activities Fund
<b>SCAAK</b>	Society of Certified Accountants and Auditors of Kosovo
<b>SHPUK</b>	Kosovo Poultry Producers And Feed Miller Association
<b>SME</b>	Small and Medium Enterprise
<b>SO</b>	Strategic Objective
<b>SOE</b>	Society-owned Enterprise
<b>SOW</b>	Statement of Work
<b>TA</b>	Technical Assistance
<b>TMG</b>	The Mitchell Group
<b>USAID</b>	United States Agency for International Development
<b>WfW</b>	Women for Women

## **I. Executive Summary**

### ***A. Background***

The USAID/Kosovo Cluster Business Support Program (KCBS or program) has been the Mission's main mechanism for implementing private sector objectives under the USAID Mission Strategic Plan for 2004-2008 which aimed to achieve "Accelerated Private Sector Growth" under Strategic Objective 1.3. The goal of this objective is to "stimulate economic growth by promoting productive investment and integration of the economy into the region, whereby value-added goods and services are produced in Kosovo for internal or external consumption, thus creating new sustainable employment opportunities."

### ***B. Evaluation Purpose and Objectives***

USAID/Kosovo has requested The Mitchell Group (TMG) to conduct an end of program evaluation of the KCBS Program in May and June 2008. The evaluation has two principal objectives<sup>1</sup>:

1. To conduct an evaluation of USAID's private sector development assistance.
2. To identify and recommend the most promising areas and activities for stimulating business and agricultural development.

In accomplishing these objectives, the evaluation should reveal both strengths and weaknesses in the program. It will assess the implementation, impact, sustainability, and cost effectiveness of the program. The evaluation will highlight program accomplishments, shortcomings, and lessons learned. The evaluation will discuss the effectiveness of coordination of USAID activities with international development institutions working in Kosovo. The evaluation will help guide future planning and implementation of USAID/Kosovo private sector programs<sup>2</sup>.

### ***C. Key Findings in Response to Priority Questions and Matters to be Revealed***

**Overall Finding:** The USAID/Kosovo KCBS Program has had a significant, positive impact on economic growth, capacity development, and job creation in Kosovo.

---

<sup>1</sup> In meetings held with the Mission on May 19, 2008, TMG was directed to limit this evaluation to the "primary questions" set forth in the SOW for the evaluation, to focus attention on objective 1 and not to focus attention or place emphasis on objective 2, except to the extent that observations made in furtherance of objective 1 that might affect implementation of future private sector programs may be included in this report. TMG was further directed that the evaluation report should be limited to not more 30 pages excluding appendices and attachments.

<sup>2</sup> See footnote 1 above.

## Summary of Findings and Responses to Priority Questions and Matters to be Revealed:

### Impact

KCBS has substantially achieved the desired results set out in USAID's Strategic Plan for Kosovo for 2004-2008 (Strategic Plan) and has substantially met program goals and objectives.

The main objectives of the KCBS Program were to increase sales and employment for the long-term growth of enterprises in targeted clusters, and to reduce reliance on imports, by promoting increased competitiveness within the clusters, and by developing an improved business operating environment.

The most current information from the KCBS PBMS indicates that during the first 42 months of the project (for the period from October 2004 through March 2008), the cumulative changes in the primary indicators established for the project, and attributable to KCBS interventions, were:

- An increase in the value of sales over baseline of 106.6 million Euros
- An increase in employment of 5,372 new jobs - 1,518 in the livestock cluster, 1,278 in the fruits and vegetable cluster, and 2,576 in the construction materials cluster
- An increase in capital investment of 33.5 million Euros
- An increase in the value of financing of 17.6 million Euros

Other major impacts of the program on Kosovo's private sector include<sup>3</sup>:

- A dramatic increase in competitiveness among targeted enterprises in all three clusters and value-chains
- An increase in sales of 72.1% over baseline among targeted enterprises
- An increase in labor productivity (sales per labor costs) of 16.6% among targeted enterprises<sup>4</sup>
- An increase in exports as a percentage of imports of nearly 200%

As discussed in **Section III** of this report, we have found that the program was very successful in meeting goals and objectives, that the program indicators were reasonably set for the funding level, that they were appropriate, attributable to the program interventions, and well monitored. This said, we have found scope for improvement in performance based management system indicators in future USAID/Kosovo private sector programs, for details see **Section III** and **Section IV** of this report.

---

<sup>3</sup> Unless otherwise noted, as at March 31, 2008.

<sup>4</sup> As at October 31, 2007

## **Implementation**

The program approach has been effective in promoting competitiveness, stimulating economic growth, and improving employment opportunities in Kosovo. By focusing on general business support and, at the same time, focusing on cluster and enterprise development through innovative and sometimes unique interventions, the program has proven to be very effective in each of these areas:

### **Promoting Competitiveness -**

- Improved Productive Capacity (top seven of fourteen)
  1. Higher milk yields and quality through improved feed rations and barn management, and introducing better blood-lines into the breed (sheep) flocks
  2. Better use of excess milk fat by dairies by introducing production of new cheeses, ice creams and frozen desserts
  3. Higher crop yields from introducing new varieties of seeds and fertilizers, and better crop management
  4. Self-sufficiency in egg production leading to some export of eggs
  5. Introducing broiler day old chicks leading to development of a new broiler slaughter industry
  6. Reintroducing the manufacture of Styrofoam insulation board
  7. Introducing more efficient practices to increase dry kiln capacity
  
- Improved Quality Control (top seven of twelve)
  1. Implementing GHO, GMP and GlobalGAP at producing farms
  2. Planning for future HACCP certification in meat plants
  3. Support for development of a Milk Quality Decree and communicating its benefits to the sector and establishment of a national milk testing laboratory
  4. Funding equipment for grading, sizing, and packing fruits and vegetables
  5. Funding cold storage/refrigeration facilities for improved post-harvest handling of fruits, and better storage of commercial potatoes for processing
  6. Introducing EN standards to producers of concrete mixes for road construction
  7. Improving the quality of primary processing of beech logs and lumber
  
- Improved Market Chain Linkages (top six of twelve)
  1. Linking milk producers with milk processors and efficient MCCs
  2. Linking sheep farmers, MCCs, and the Sharri Dairy
  3. Creating linkages with Bosnia to renew exports of live lambs

4. Leading in the move to best practices in marketing principles with better packaging and design, market research, and branding of products
  5. Linking wood producers to EWF producers
  6. Creating linkages through participation in trade fairs between construction materials (EWF, concrete, road construction, steel, styrofoam, clay block and brick) producers and regional and foreign markets
- Strengthened Capacity to Access Credit (top four of six)
    1. Introducing proper records-keeping at the farm level to improve access to loans
    2. Developing an accounting software program for poultry and animal feed farmers and record keeping for dairies
    3. Training and providing a “tool kit” to three banks and four MFIs in lending to agriculture
    4. Introducing leasing and purchase order financing as alternative sources of credit
  - Strengthened and Sustainable Business Associations
    1. Assisting and providing training and grants to a cluster of eight business associations, as well as other business associations and chambers of commerce
    2. Leading the movement for local business associations to adopt and practice accepted best practices in association management and operation
    3. Guiding and assisting at least three if not four of the cluster associations to achieve self sustainability (meaning will require 20% or less of their operating budgets from outside sources) by project end
  - Enhanced and Improved Quality of Business Consulting Services
    - a. By using the Training-of-Trainers approach (training BSPs to be trainers) the program has successfully institutionalized and supported the training of approximately 1200 members across 12 business associations and in excess of 2800 entrepreneurs in needed business management skills and practices, including strategic planning, operations planning, and accounting.
    - b. 690 businesses are now (as tracked by the PBMS) using the services of BSPs.

**Stimulating Economic Growth -**

1. An increase in sales of 72.1% among targeted enterprises
2. An increase in labor productivity of 16.6% among targeted enterprises
3. An increase in exports as a percentage of imports by nearly 200%

## **Improving Employment Opportunities –**

1. Creation of 5,372 jobs within the targeted clusters

**Cross-Cutting Themes.** We have found that KCBS has both actively and creatively sought out opportunities and implemented appropriate and effective initiatives to address the cross-cutting themes that USAID/Kosovo identified in its Strategic Plan for 2004-2008. The program's efforts and successes in addressing these themes are discussed in **Section III** of this report.

**Cooperation with Other International Development institutions.** Through interviews and discussions with representatives of various international development institutions working in Kosovo, we have determined that the program has cooperated very effectively with other international development institutions working in similar areas (e.g., the EAR TAM/BAS programs and the EAR MSTQ program) and has in many ways set the standard for cooperation for others to follow.

We have also found good evidence of a high level of cooperation and successful coordination of activities between KCBS and other USAID programs and contractors working in Kosovo, including BearingPoint and World Learning.

**Lessons Learned.** Lessons learned that may help guide the implementation of future USAID/Kosovo private sector programs were sought and obtained from KCBS, and are contained in **Appendix I** to this report.

Consistent with the objectives of this evaluation, we have given careful consideration to the lessons learned by KCBS and have found nothing in the lessons learned that would suggest a weakness in the overall design of the program. For more details, see **Section III** of this report.

**Major Constraints.** Major constraints facing the assistance included the following (for additional constraints and thoughts on how to ameliorate the constraints we found, see **Section III** of this report):

- Lack of a predictable and constant supply of electrical power
- Obsolete laws and uneven enforcement of existing tariff/tax laws that hinder private sector growth and development, and restrain competitiveness
- Lack of modern and effective Food and Health Safety Laws
- Lack of a formal Strategic Plan for Certification of Kosovo's Forests and to properly exploit and harness the considerable potential of Kosovo's natural resources (e.g., its abundant forests which include beech, pine and oak trees), and to realize the meaningful jobs that could be created by doing so for Kosovars, including, importantly, women, youth, and minorities
- Need for large infusions of investment capital to modernize outdated plants and equipment coupled in part with a lack of understanding of the benefits of borrowing among SMEs

- Need for more market-oriented education and skills training to support and meet the needs of a growing and increasingly more competitive private sector

**Strategic Activities Fund.** We have found that the design, criteria and safeguards for the SAF were appropriate and used effectively by KCBS in supporting core program activities and achieving programmatic impact. For details, see **Section III** of this report.

Notwithstanding the effectiveness of the SAF, there have been lessons learned by KCBS that may help guide the implementation of SAF activities in future USAID/Kosovo private sector programs. These lessons learned are contained in **Appendix I** of this report.

**Interventions that failed to produce the desired result.** Interventions that failed to produce the desired result appear to have been relatively few and are discussed in some detail in **Section III** of this report.

## **Sustainability**

We have found that the programmatic interventions have led to substantial increases in the competitiveness of the targeted clusters and value-chains, and in the business services community, and believe that for the most part these interventions are sustainable and commercially viable. For more details, see **Section III** of this report.

## **Cost Effectiveness**

The program has been demonstrably cost effective and we have found that the achieved results justify the investment made by USAID/Kosovo.

From the perspective of either ROI or cost/benefit analysis, the value of increased domestic sales among client enterprises within the three clusters and value-chains when compared to the amount of USAID/Kosovo's investment is a ratio of more than 7:1 (the target was 5:1). From the standpoint of cost per program beneficiary, KCBS has worked with 115 client enterprises employing men, women, youth, and minorities, and as a result these enterprises have added 5,372 new jobs to the Kosovo economy, with a resulting cost for each new job created of \$ 3,723. We believe these are more than substantial and justify the amount of USAID/Kosovo's investment.

For complete details as to our findings and recommendations, including observations and recommendations that may benefit the implementation of future USAID/Kosovo private sector programs, your attention is directed to **Section III and Section IV** of this report.

## II. Background and Overview

### A. Kosovo Cluster Business Support (KCBS) Program

KCBS is a four-year, \$20 million program implemented by Chemonics International Inc. (Contractor). KCBS has worked since October 2004 to stimulate economic growth and improve employment opportunities for Kosovar citizens. The program helps achieve this goal through four sub-objectives: 1) improve productive capacity of private enterprise; 2) improve quality control; 3) improve market linkages; and 4) strengthen capacity to access credit.

The KCBS Program is composed of two discrete but complementary components: improving the business operating environment and improving the economic performance of the selected business clusters.

The business operating environment component helps to remove unfavorable legal and regulatory constraints to business growth. Technical assistance (TA) is provided to strengthen business associations, local consultants, and business service providers so they can become established in the market. The KCBS Program also helps improve policy dialogue between business and the government.

The second component is directed toward working with and providing TA to specific economic groupings and the individual enterprises that make up the three “clusters” identified for targeting: 1) Livestock (dairy, beef, poultry and animal feed; 2) Fruits and vegetables; and 3) Construction materials.

The KCBS Program also builds sustainability and funds innovative activities under the Strategic Activities Fund (SAF). Grants and sub-contracts are provided to local entities (for-profit and non-profit) that apply to the SAF with a successful proposal, meet the eligibility and evaluation criteria, and are legally registered and recognized under the laws of Kosovo. Recipients may include business associations, NGOs, local consultants, chambers of commerce, market development companies, and small manufacturing companies.

### *B. Evaluation Statement of Work*

***Priority Questions.*** The evaluation should focus primarily on the Contractor’s ability to achieve contracted/planned results. Special attention should be given to the approaches that the implementer has taken to achieve the proposed results. The findings from this evaluation shall guide the design and implementation of future private sector programs<sup>5</sup>. This evaluation shall consider, but not necessarily restrict itself to, the following issues<sup>6</sup>:

---

<sup>5</sup> See footnote 1 above.

<sup>6</sup> See footnote 1 above.

## ***Impact***

- *Has the assistance achieved the desired results as set out in USAID's Strategic Plan for Kosovo for 2004-2008 and the relevant intermediate results, including objectives and benchmarks set forth in the Task Orders and Work Plans?*
- *What have been the major impacts of the program on Kosovo's private sector?*
- *How well and to what extent has the program met goals and objectives?*
- *Were the indicators and targets reasonably set for the funding level provided? Were they appropriate, attributable to program interventions, and well monitored?*

## ***Implementation***

- *How effective has the program approach been to promoting competitiveness, stimulating economic growth, and improving employment opportunities?*
- *What have been the major lessons learned through the program? Were there unique or innovative interventions? Did any interventions fail to produce the expected results?*
- *What are the major constraints facing the assistance? How can constraints be ameliorated?*
- *How effective was the design, criteria, and safeguards for the Strategic Activities Fund for achieving programmatic impact through sub-contracts and grants?*

## ***Sustainability***

- *How sustainable and commercially viable were programmatic interventions? (e.g., sustainability of business associations, growth of local business service providers)*

## ***Cost Effectiveness***

- *How cost effective has the program been and do the achieved results appear to justify the investment made by USAID/Kosovo in this program? (e.g., return on investment, cost/benefit analysis, cost per program beneficiary)*

The evaluation will reveal both strengths and weaknesses in the program. It will assess the implementation, impact, sustainability, and cost effectiveness of the program. The evaluation will highlight program accomplishments, shortcomings, and lessons learned. The evaluation will discuss the effectiveness of coordination of USAID activities with

international development institutions working in Kosovo. The evaluation will help guide future planning and implementation of USAID/Kosovo private sector programs<sup>7</sup>.

### ***C. Evaluation Methodology***

The TMG evaluation team conducted extensive document reviews and 95 interviews with project personnel, project clients (both associations and enterprises, present and non-active), government officials (counterparts) and stakeholders with whom the program has interacted to form a basis for this evaluation. For a list of documents reviewed, see **Appendix II**; for a list of project personnel interviewed, see **Appendix III**; and for a list project clients and counterparts interviewed, see **Appendix IV**.

The evaluators and authors of this report, Donald R. Hart – Team Leader, and Roy E. Bosley, arrived in Pristina on May 18, 2008 and presented a draft report to USAID on June 6, 2008.

## **III. Evaluation of KCBS Program**

**Introductory Comments:** As alluded to above, we conducted in excess of 70 meetings with clients, counterparts and stakeholders over the course of the evaluation (see **Appendix IV**). We spoke with counterparts in the public sector as well as clients, private sector representatives, and stakeholders, whose businesses or activities have brought them into contact with the KCBS Program. We also contacted or attempted to contact non-active KBCS clients to understand from their perspective why they were no longer involved with the program. For the most part, the results of contacts with non-active clients revealed that they had ceased to be involved with KCBS because: 1) they had ceased their business activities; 2) did not wish to legally register their businesses; 3) did not wish to share their business information with KCBS or any third-party; or 4) did not wish to share knowledge of the benefit of any assistance they might receive from KCBS with others who might be similarly benefited by the assistance.

For the vast majority of KCBS clients that we spoke with, when asked to describe the benefit and impact of the KCBS Program on their businesses or activities, the quality of KCBS assistance, and the contributions of the KCBS technical specialists and staff, their responses were unanimous and to the effect that USAID/Kosovo, the KCBS Program, had done for them what they could not do for themselves.

As also alluded to above, we conducted 15 separate meetings with KCBS management, technical specialists and staff (see **Appendix III**). Before proceeding with the evaluation, we would like to thank and to compliment the entire KCBS team for their professionalism and cooperation during the evaluation process. We always found them to be knowledgeable, helpful, and supportive of our efforts.

---

<sup>7</sup> See footnote 1.

The “priority questions” that form the framework for this evaluation are addressed in turn in the sections below.

### ***A. Impact***

- ***Has the assistance achieved the desired results as set out in USAID’s Strategic Plan for Kosovo for 2004-2008 and the relevant intermediate results, including objectives and benchmarks set forth in the Task Orders and Work Plans?***

**Finding: The assistance has achieved the desired results as set out in USAID’s Strategic Plan for Kosovo for 2004-2008 and the relevant intermediate results, including objectives and benchmarks set forth in the Task Orders and Work Plans.**

The desired results for the assistance were to accelerate private sector growth by promoting productive investment and integrating the economy into the region, whereby value-added goods and services were produced in Kosovo for internal or external consumption, and new sustainable employment opportunities were created.

To accomplish these results, programmatic interventions focused on increasing sales and employment for the long-term growth of enterprises in three targeted clusters, on reducing reliance on imports by promoting increased competitiveness within the clusters, and on developing an improved business operating environment.

To measure the success of programmatic interventions, KCBS established a BPMS which has served as an invaluable management tool. Among the functions performed, it has monitored progress against project targets, facilitated reporting results attributable only to KCBS, provided data for USAID reporting requirements, and flagged implementation problems as they occur. Based on our observations, we believe the PBMS has adequately and accurately performed these functions. The most current information available from the PBMS has indicated and field interviews have reinforced / confirmed that during the first 42 months of the project (for the period beginning from October 2004 through March 2008), the cumulative changes in the primary indicators established for the project, and attributable to KCBS interventions, were:

- An increase in the value of sales over baseline of 106.6 million Euros (a ratio of 7:1 or \$7 in sales for each program \$1 spent)
- An increase in employment among enterprises in the targeted clusters of 5,372 new jobs
- An increase in capital investment among enterprises in the targeted clusters of 33.5 million Euros
- An increase in the value of financing among enterprises in the targeted clusters of 17.6 million Euros

To attain these results, the Contractor began by assessing and determining the weaknesses in each cluster and value chain, and in the business operating (services) environment. Thereafter, the Contractor implemented cost effective and innovative, and

sometimes unique interventions to mitigate these weaknesses. These interventions are believed to have resulted in the program's major impacts on Kosovo's private sector as described below.

- *What have been the major impacts of the program on Kosovo's private sector?*

**Finding: The major impacts of the program on Kosovo's private sector are set forth below. These major impacts were the result of the programmatic interventions summarized under each cluster and value-chain, or area of activity.**

**Livestock (dairy, beef, poultry and animal feed, including forage and processing of related products) Cluster.**

Major impacts in this cluster included:

- 1,518 new jobs were created
- Sales increased by over 54 million Euros
- Financing increased by over 1.7 million Euros
- Capital investment increased by nearly 6.1 million Euros.

These major impacts were the result of KCBS interventions, including the following:

- a. Technologies and the means were introduced to enhance the quantity and quality of milk production; herd genetics were improved through the introduction of better stock (see below) and the use of better genetics through A. I. with a resulting sharp increase in milk volume and quality, with some commercial dairy farmers now experiencing as much as a 50% increase in production and most averaging over a 20% increase in production. As a result, milk processors are now able to reduce the conversion rate for the production of white cheese by as much as 150 liters of milk per kg, equating to an annual income increase for one dairy processor of over 87,000 Euros.
- b. Along with the increase of quality milk, KCBS was instrumental in adoption of a new Milk Quality Decree and establishment of a National Dairy Testing Laboratory which is now functioning and providing feed back to the many milk farmers as to the quality and sanitary aspects of the milk entering the consumer markets.
- c. Hybrid and high yielding seeds and feed materials (providing improved feed rations) along with better pasture management and fertilizer program training were introduced (a high yielding feed potato seed that yields on average 30 to 35 tons/ha, hybrid corn seed that yields 13 tons of shelled corn and up to 45 to 53 tons/ha for ensilage) and implemented through farmer pilot testing programs and workshops; all of which has made available more local feed materials and resulted in less dependency on imported feed and forage materials.
- d. MCCs were promoted and installed in rural areas providing a major impact in the delivery of quality milk safety through proper temperature reduction and the collection of milk samples for milk testing laboratories, thus vastly improving the delivery of quality of milk to Kosovo's major dairies, with the

- production of Grade A and Grade B milk that meets the new improved quality standards more than doubling since August 2005.
- e. A new breed stock was introduced to improve the quality of the flock (sheep) breeds (a quality sheep breed was imported from Switzerland) and there is now reason to believe the new flocks will produce more milk and with higher quality. Preliminary indications under controlled conditions suggest an increase in milk production of 50% and an increase in weight gain per day of 60% when compared to the control group.
  - f. Hybrid winter wheat was introduced, was well accepted by the farmers, and wheat output now meets approximately 14 % to 16 % of Kosovo's needs.
  - g. Broiler chicken production and processing was introduced and has reached approximately 4% to 6% of market capacity (total frozen imports are estimated to be 20 million kg. for whole chickens and parts, plus another 10 million kg. for processed and extruded chicken meat); KCBS assisted in establishing broiler day old baby chicks and has provided assistance to establish entrepreneurs for the slaughter and processing of chickens. In addition, broiler slaughter plants have been established and are in preparation for future HACCP certification.
  - h. Day old chick sales facilities are now operational for both layers and broilers; better feed rations and pelletizing operations have been started (using grant finds) and are producing better quality chicken feed which has enhanced higher and faster weight gains and earlier maturity leading to increased egg production, mitigating egg import problems, and allowing Kosovo to become self sufficient in egg production with some export of eggs.

### **Fruits and Vegetables (including post harvest storage and processing with value-chain processing) Cluster.**

The major impacts in this cluster included:

- 1,278 new jobs were created
- Sales increased by 16.2 million Euros
- Financing increased by nearly 1 million Euros
- Capital investment increased by over 1.5 million Euros

These major impacts were the result of KCBS interventions, including the following:

- a. Most important, modern Post Harvest technologies were introduced, trained to, and readily accepted and pursued by the farmers. Having the ability to receive field produce and to begin adding value is probably the most important aspect for Kosovar enterprises to be able to "grow" their agri-businesses. By having the proper and modern storages required to quickly remove the field heat and to place the produce into a holding environment for several additional months allows them significantly increased sales volumes with higher market prices after the glut and excess of inventories stored by others have been depleted.
- b. Grant funding and the technology transfer and training to enable a group of farmers in a cooperative manner to hold over the 2007 apple crop and enjoy considerably more revenues/profits than otherwise.

- c. Facilitating two new food processing producers to enter into the production and domestic distribution of processed potato products. In 2001 the potato crop for fresh potatoes was 70,600 tons; in 2007 the yield was over 210,000 tons (about a 200 % increase in production) and is believed to have significantly reduced the import of potatoes, and, for the first time Kosovo has exported potatoes to Macedonia, Bulgaria, Croatia, and Romania.
- d. Many older traditional agricultural sectors (e.g., wild fruits, mushrooms, nuts, juniper berries and medicinal plants) were re-invigorated, new business sub-sectors were created, and many businesses and employees were better trained. This resulted in the creation of many new jobs for Kosovars, including, importantly, women, youth, and minorities. In specific, through assisting resurrection of the blueberry industry in Kosovo (see below, “Cross-Cutting Themes”), 600 tons of blueberries valued at 1.5 million euros were exported in 2006, compared with virtually zero in 2005, and 325 tons of blueberries (despite a severe drought that caused a yield of half the norm) valued at 1.0 million were exported in 2007. Importantly, this activity alone provided work for an estimated 900 to 1200 collectors, many of whom were women, youth, and minorities.
- e. Business training activities were initiated in needed areas including business and strategic planning, accounting/record-keeping, and value chain management along with Food Safety and Sanitation training sessions, seminars, and workshops; linkages were established with associations, NGO’s and business service providers to help entrepreneurs to grow their businesses.

### **Construction Materials Cluster.**

The major impacts in this cluster included:

- 2,576 new jobs were created
- Sales increased by nearly 37.5 million Euros
- Financing increased by nearly 14.8 million Euros
- Capital investment increased by 25.7 million Euros.

These major impacts were the result of KCBS interventions, including the following:

- a. To help lumber drying facilities keep up with the increasing demand for lumber, training was provided on the proper and efficient use of dry kilns and on the implementation of best practices for lumber drying; and assistance provided to help businesses to better understand what they needed to do to upgrade their facilities and enhance their ability to compete.
- b. To assist the many forms of new and rather large wood working facilities that have been established and have begun to export value added finished wood products, linkages were facilitated with foreign (Italian and German) companies to source value added products from Kosovo.
- c. To assist quarry operations, road construction, concrete and hot asphalt facilities that have added new investment capital and taken on new workers, management training courses were provided covering modern business management practices, with the results evident from the level of sustainability these enterprises have achieved.

- d. With assistance from KCBS, which included strong lobbying for the elimination of a 10% tax on the import of raw materials, a local producer of reinforcing steel has increased its number of employees from 120 to 236 and has moved to working two shifts a day, with a resulting increase in production of nearly 1,600 tons/month compared to 900 tons/month prior to the tax exclusion. During the period from March 2007 to March 2008, this company exported over 2,000 tons of products valued at 1.4 million euros.
- e. KCBS identified the manufacture of Styrofoam insulation board as a target for import substitution in 2006 and immediately began working with local producers. Imports after the war were 100% and by the end of 2007, imports had dropped to 20%. With assistance and training from KCBS, clay and cement block manufacturers have also increased their productive capacities.
- f. To assist growth and development in the wood processing sector, KCBS assisted in the formation of AWPK and in the three trade fairs that have been held by AWPK with the result that during the first half of 2007, AWPK members exported wood products valued at 680,000 Euros as compared with total exports for 2006 of 200,000 Euros.
- g. With assistance from KCBS, a local asphalt producer has upgraded its asphalt plant by an additional investment of over 150,000 Euros, with this producer now having the capability to contract to export 14,000 tons of asphalt valued at approximately 700,000 Euros to Albania.
- h. To address and help ameliorate the considerable problem caused by illegal wood cutting in the Kosovar forests, KCBS commissioned a study: “Forest Industry Challenges of Development and Balanced Use” and introduced an initiative for cleaning Kosovo’s forested areas. KCBS also supported the MAFRD’s successful application for additional funding of the KFA’s operational plan for forest protection activities (the two critical objectives of this plan are to reduce illegal logging activities and to improve forest management training – two essential prerequisites for moving forward on forestry certification), and the KFA has begun to implement initiative for cleaning forested areas. KCBS’s efforts have been closely coordinated with those of the Norwegian Government which is providing direct assistance to the MAFRD/KFA. Among envisaged benefits from this activity is the creation of a substantial number of meaningful, new jobs for Kosovars, including women, youth and the minority populations.

### **Cross-Cutting Themes.**

KCBS interventions that have had impact and provided job opportunities for women, youth, and minorities include:

- a. Facilitating the reinvigoration of many older traditional agricultural sector activities, including the blueberry industry in Kosovo. By linking participants in (collectors, collection centers, and wholesalers/exporters) and strengthening the value chain involved in the blueberry (as well as the mushroom, Juniper

- Berry, and other wild fruit) industry, estimably 900 to 1200 jobs were created, many of which were filled by women, youth, and minorities.
- b. Linking a P.E.T. bottle recycler with two women's associations in Mitrovica (one in the north and one in the south) and providing grant support to the two women's associations allowed the two associations to develop and provide training to 24 secondary school students in Mitrovica on the importance of recycling, how to recycle more efficiently, and how to encourage more participation in recycling, with the students then training younger children in the primary schools. Although this initiative may remain difficult to make self-sustaining, it is none the less a very important step forward in dealing with the serious problem of environmental pollution that all Kosovars must face and has shown an example for the creation of meaningful jobs for women, youth, and minorities.
  - c. Through KCBS assistance to Women International of Kosovo and the Macedonian Artisans Trade Association, a women's association from Pristina, which in 2006 employed only three women, was one of seven women's associations included in the project "Market Readiness and Handmade Products." Today, with additional support from KCBS as well as from several KCBS client enterprises in the construction materials cluster, and from an IOM grant, this women's association employs eight women (Bosnian and Albanian), and has more than 100 members. These members are women involved in confectionary production, and include those who have passed training programs provided by the association and have opened their own businesses, or who have received temporary or permanent employment through the association. KCBS continues to support this association with assistance in the design of a website, while another donor program has assisted with marketing materials.
  - d. Creating linkage between a minority road/concrete/hot asphalt contractor and Kosovar contractors.
  - e. Providing STTA and working to facilitate grants to businesses in minority areas involved in activities falling within the three targeted clusters, including efforts to restart yogurt production, establish new MCCs, start up businesses in two IDP returnee villages, assist registration of a new farmers' agricultural association as well as a farmers' agricultural cooperative, and to prepare grants for cold storage equipment to further enhance Kosovo's capacity to market its crops of both wild and cultivated berries.
  - f. Providing grant support in the minority areas for needed equipment and supplies, including equipment for sheep shearing, veterinary support to sheep farmers, supplies for MCCs, equipment for boiler production and the construction of a new slaughterhouse, to complete a slaughter facility which will be suitable for HACCP certification, new finger jointing equipment for wood processing, and for the provision of training to improve business practices among businesses in north Kosovo.
  - g. Providing assistance and grant support to women's associations involved in production activities including confectionary products and textile goods, as

well as assistance with carpentry training to facilitate the entry of women into two wood processing companies in Kosovo.

### **Strengthened Access to Capital.**

KCBS interventions that have had impact and strengthened access to credit include:

- a. Introducing proper records-keeping at the farm level to improve access to loans.
- b. Developing an accounting software program for poultry and animal feed farmers.
- c. Training three banks and four MIFs in agricultural lending and providing the “tool kit” for lending to agriculture that is used by local banks, including large players such as Raiffeisen Bank.
- d. Trainings on JVs and assistance in the formation of three agricultural JVs
- e. Introducing leasing and purchase order financing as alternative sources of credit and assistance in development of the legal framework for these practices.
- f. Assistance and funding to support the first two Finance Fairs held in Kosovo.

### **Business Operating (Services) Environment.**

KCBS interventions that have had impact and improved the business operating environment include:

- a. Assistance in development of a new Milk Quality Decree that has raised food health safety for Kosovars to a new level. This coupled with the other KCBS interventions that are mentioned above will enable Kosovo’s dairy processors to effectively compete with imports.
- b. It is not unusual in developing countries that the majority of enterprises do not understand the benefits of and are reluctant to spend money on advertising, better packaging and marketing services. KCBS has taken an innovative approach to address this weakness among Kosovo businesses and has initiated a Packaging Design Competition to enhance competitiveness, increase marketing skills at both the enterprise and service provider levels, and establish a new linkage tying local designers and branding specialists directly to manufacturing enterprises. We believe the impact this important initiative will become evident going-forward.
- c. Business Management Improvement. KCBS has successfully introduced and institutionalized (in associations and local BSPs) the capability to provide much needed assistance and training to local business operators in areas including strategic planning , operational planning, IAS, and accounting and bookkeeping/records management (including computer software) at the enterprise level.

- d. Public/Private Dialog. KCBS has through grant and other assistance facilitated constructive dialog between the private sector and the Government (e.g., assistance and support for the activities of AKA, ABK, AmCham, etc.).
- e. At least three if not four of the cluster of eight business associations that KCBS has focused on will be self-sustaining (meaning require 20% or less of their operating budgets from outside sources) by the end of the program.
- f. As for the BSPs that the program has assisted and the BSP community at large, we believe theirs will remain a challenging environment and that contraction and consolidation are more likely to occur before expansion. There is good news, however, for this sector in that during our field work we encountered a good number of very bright, exceptional and capable BSPs that were empowered by the program and that we believe are likely to flourish and to lead in the growth of this important sector.

- *How well and to what extent has the program met goals and objectives?*

**Finding: The program has effectively and substantially met its goals and objectives.**

The program was designed to achieve the goal of SO 1.3 (“to stimulate economic growth by promoting productive investment and integration of the economy into the region, whereby value-added goods and services are produced in Kosovo for internal or external consumption, thus creating new sustainable employment opportunities”) through four sub-objectives: 1) improve productive capacity of private enterprise; 2) improve quality control; 3) improve market linkages; and 4) strengthen capacity to access credit.

We have found abundant and substantial evidence of accomplishment of each of the four sub-objectives and point to the following:

**Improved Productive Capacity -**

- a. Higher milk yields through improved feed rations and barn management
- b. Faster Growth rates in calves and lambs through better post-natal care
- c. Training to farmers to artificially inseminate cattle themselves
- d. Better use of excess milk fat by dairies by introducing production of new cheeses, ice creams and dessert
- e. Introduction of better blood-lines into the breed (sheep) flocks with potentially greater capability of milk yields and faster weight gain
- f. High crop yields from new varieties and fertilizers
- g. Self-sufficiency in egg production
- h. Introduction of pelleting for better control of nutrients in animal feed
- i. Two new potato processing facilities are now producing high added value products which also decreases the needs for importation
- j. Three new chicken slaughter facilities have been established which will decrease reliance on imports

- k. Introduction of more efficient practices and increased dry kiln capacity
- l. Reintroduction of the manufacture of Styrofoam insulation board
- m. Upgraded and increased capacity for quarrying and asphalt production
- n. Increased capacity for production of EWF

**Improved Quality Control -**

- a. Implementation of GHO, GMP and GlobalGAP at producing farms
- b. Successful HACCP certification of three food processing plants
- c. Support for ancillary HACCP services such as pest control and waste water treatment
- d. Planning for future HACCP certification in meat plants
- e. Support for development Milk Quality Decree and communicating its benefits to sector
- f. Motivating and assisting the MAFRD/KFVA to set up a credible, functioning laboratory for chemical and biological analyses of raw milk
- g. Recommending Avian Flu prevention measures and poultry vaccination
- h. Funding equipment for grading, sizing, and packing fruits and vegetables
- i. Funding cold storage/refrigeration facilities for improved post-harvest handling of fruits
- j. Funding for the National milk testing laboratory and bacterial examinations and adulterated substances to promote food safety
- k. Introduction of EN standards to producers of concrete mixes for road construction
- l. Improving the quality of primary processing of beech logs and lumber

**Improved Market Chain Linkages -**

- a. Linking milk producers to collection centers with cooling capacities and collecting samples for submission to the National Dairy Testing Laboratory
- b. Linking sheep farmers /milk producers to milk collection centers and the Sharri Dairy
- c. Drafting of a standard milk supply contract to reduce the risk of milk producers unexpectedly losing their markets
- d. Creating linkages with European sheep breeders to import better genetic sheep
- e. Creating linkages with Bosnia to renew exports of live lambs
- f. Creating linkages through the Fruit Growers Association to request grants funds to establish new cold storage facilities for a collective group of orchardists
- g. Creating linkage between a minority road/concrete/hot asphalt contractor and Kosovar contractors
- h. Creating linkages between minority groups of farmers collecting wild berries and mushrooms to deliver to a collection point for transfer to modern post harvest processing facilities for export sales
- i. Linking wood producers to EWF producers
- j. Creating linkages through participation in trade fairs between EWF producers and regional and foreign markets

- k. Creating linkages through participation in trade fairs between construction materials (concrete, road construction, steel, Styrofoam, clay block and brick) producers and regional and foreign markets

#### **Strengthened Capacity to Access Credit -**

- a. Introduction of proper records-keeping at the farm level to improve access to loans
  - b. Development of accounting software program for poultry and animal feed farmers
  - c. Training to three banks and four MIFs in lending to agriculture
  - d. Training on JVs and assistance in the formation of three agricultural JVs
  - e. Introduction of leasing and purchase order financing as alternative sources of credit
  - f. Support for the first two Finance Fairs in Kosovo
- *Were the indicators and targets reasonably set for the funding level provided? Were they appropriate, attributable to program interventions, and well monitored?*

**Finding:** We find that the indicators and targets were reasonably set for the funding level provided, that they were appropriate, attributable to program interventions, and well monitored.

We have reviewed the indicators and targeted results established for each cluster and for an improved operating environment and we have found that they were realistic and reasonably set for the funding level provided. We have further found that they were appropriate, attributable to program interventions, and well monitored as tracked and recorded by the PBMS. Although we believe that the PBMS has effectively performed the functions it was designed and intended to perform, we believe that there is scope for improvement on the design of a performance based management system when implementing USAID/Kosovo private sector programs in the future (for details, see **Section IV** of this report).

#### ***B. Implementation***

- *How effective has the program approach been to promoting competitiveness, stimulating economic growth, and improving employment opportunities?*

**Finding:** The program approach has been very effective in promoting competitiveness, stimulating economic growth, and improving employment opportunities in Kosovo.

As enumerated above under “Impact”, we have found abundant evidence that the program approach has been effective in each of these areas.

We believe the “effectiveness” of the program has been due in large part to both the design of the program and the Contractor’s vigilance and ability to assess and adjust to

changing circumstances. As an example, when implementation of the Milk Decree was delayed, the Contractor, who by that time had won the trust and confidence of the milk producers and processors, moved the milk producers and processors to self-impose the new standards and thereby accomplished two objectives - accelerating and facilitating *de facto* implementation of the new standards.

Other examples that we have found include: 1) the creative approach the Contractor took to reinvigorate many older traditional agricultural sectors in Kosovo, thereby creating job opportunities for women, youth, and minorities; and 2) the timely interventions the Contractor took in the construction materials cluster to help client enterprises ramp-up with the new technologies, equipment, and capabilities required to meet the sharply rising demands for construction materials, thereby substantially enhancing their ability to compete and reducing continued dependence on imports during times of rapidly increasing demands.

As indicated below, not all of the Contractor's interventions have produced the expected results. We have found, however, that in many such instances, the Contractor has been adept at finding ways to salvage a good outcome. As an example, the Code of Ethics for BSPs that KCBS put forward during efforts to establish the BCC. Although the BCC is now being dissolved, it appears the concept of an industry code of ethics appears to have taken hold and may soon be adopted into practice through coordinated efforts with the EAR TAM/BAS program. Other examples of the Contractor's effectiveness in salvaging positive outcomes in challenging circumstances are found below.

Accordingly, we have found both that the program approach was very effective in each of these areas and that the Contractor has been effective in implementing the program.

- *What have been the major lessons learned through the program? Were there unique or innovative interventions? Did any interventions fail to produce the expected results?*

**Finding: The major lessons learned through the program were sought and obtained from the Contractor. We have found that they are consistent with those generally to be anticipated / encountered in implementing a program such as this in a post-conflict environment such as Kosovo's, and that the major lessons learned do not reflect negatively on the design of the program.**

The major lessons learned through the program are contained in **Appendix I** to this report.

Consistent with the objectives of this evaluation, we have given careful consideration to the major lessons learned in the context of broader, higher level issues including whether the overall design of the program approach was suitable, whether the component design were appropriate, and whether the duration of the activities was adequate for the tasks and activities involved.

As a consequence of our consideration, we have found nothing in the major lessons learned to suggest a weakness in the overall design of the program approach and much to the contrary we have found that the overall design for the program approach was both appropriate and effective in guiding the success of the program. We have also found the duration adequate for the activities involved, with the only possible exception that we have found (as discussed at some length below) being the LOE resources allocated to improving policy dialog between the private sector and the Government.

We believe our findings as above are amply supported by the major impacts that the program has had on the private sector in Kosovo.

**Finding: Unique or innovative interventions were used by KCBS in implementing the program.**

These include the following:

- a. Support for development of the Milk Quality Decree and the promotion of expanded use of MCCs to maximize on the newly introduced post harvest technologies.
- b. Introduction of pelletizing for better control of nutrients in animal feed and to promote linkages to others.
- c. Introduction of better blood-lines into the breed (sheep) flocks with greater capability of milk yields and faster weight gain.
- d. Training veterinarians to have the proper and working equipment and supplies, and to train farmers to artificially inseminate cattle for themselves.
- e. Using seasonal contracts to link from farm input dealers to medium and large land feed and forage crop producers with poultry and feed milling businesses.
- f. Funding post harvest technology equipment for the grading, sizing, processing and packaging of fruits and vegetables.
- g. Funding cold storage/refrigeration facilities for improved modern post-harvest technologies for the handling of fruits and vegetables and the linkages to further distribution channels.
- h. Introduction of proper accounting and book/records-keeping practices at the farm level to enhance management efficiencies and improve the prospects for accessible access to credit and asset capital.
- i. Introduction of leasing and purchase order finance as alternative sources of credit.
- j. Support for the first two Finance Fairs in Kosovo involving the financial institutions, government agencies, Associations, NGOs and the donor community.

**Finding: Interventions that failed to produce the desired result were relatively few in number.**

Based on discussions with KCBS management and staff, and on the results of our field efforts, interventions that failed to produce the desired result appear to be relatively few in number and include the following:

- a. The establishment of Association Management Companies and the outsourcing of association management to professional managers/service providers was a concept that was initiated by KCBS. While the value of the U.S. study tour that KCBS provided was initially warmly received within the business associations and BSP communities, the effects later chilled. As a result, however, the associations now appear to firmly grasp and recognize the need for them to employ Executive Directors from within their industries that are responsible for the exercise of good management practices in administering the affairs of the association.
- b. The BCC that was established with assistance and funding support from KCBS has faltered and is at present in the process of dissolution. There has, however, been at least one positive benefit to accrue from this activity in that the concept of an industry “Code of Ethics” for BSPs that was put forward during the process by KCBS appears to have taken hold and may soon be adopted into practice through coordinated efforts with the EAR TAM/BAS program.
- c. In the first quarter of Year Three, the KCBS EWF project moved into the production phase with several wood processors, and while the prospects for success of this initiative were quite encouraging, the initiative faltered for reasons beyond the control of KCBS (although all conditions were apparently met by the Kosovo supplier, the purchaser failed to complete the transaction, possibly due to a slowdown in the U.S. economy and a change in the procurement policies of the end-purchaser/retailer in the U.S.). There was, however, some recovery from this setback as at the end of September 2007, the Kosovo wood processor had received orders for EWF valued at 75,000 Euros.
- d. While moderately successful, efforts to help local businesses understand the need for and create demand for the marketing support services from local advertising and market research companies has not reached anticipated levels. To some extent, it may be a little too soon to assess the full impact of KCBS’ efforts in this area as the Design Competition and promotion that has been organized by KCBS is still ongoing. As indicated above, we believe the impact of this important initiative will become evident going-forward.
- e. While the benefits are recognized by some, we understand that many local business operators do not perceive the benefits to be derived from regional tours that are geared to help them understand the potential demand for their products in regional (and international) markets and program expectations have not been reached. As indicated in this report, there appears to be demonstrable evidence as to the benefits that can flow from such linkages.
- f. Improved policy dialog between the private business sector and the Government has achieved some, but less than anticipated results. In this respect, the design of the program could be looked to as the LOE resources to accomplish the anticipated benefits appear less than thought required. This may have been occasioned by the fact that the USAID/Kosovo Economic Management for Stability and Growth (EMSG) Program, which focuses more on development policy initiatives, was designed to run in parallel with the

KCBS Program. In any event, it is clear that the KCBS and EMSG programs have cooperated well together and have made solid efforts to leverage on the benefits and assistance that each could provide the other.

- *What are the major constraints facing the assistance? How can constraints be ameliorated?*

**Finding: The major constraints facing the assistance include:**

- a. Lack of a predictable and constant supply of electrical power
- b. Obsolete laws and uneven enforcement of existing tariff/tax laws that hinder private sector growth and development, and restrain competitiveness
- c. Lack of modern and effective Food and Health Safety Laws
- d. Lack of a formal Strategic Plan for Certification of Kosovo's Forests and to properly exploit and harness the considerable potential of Kosovo's natural resources (e.g., its abundant forests which include beech, pine and oak trees), and the jobs that could be created
- e. Need for large infusions of investment capital to modernize outdated plants and equipment coupled in part with a lack of understanding of the benefits of borrowing among SMEs
- f. Need for more market-oriented education and training to support and meet the needs of a growing and increasingly more competitive private sector
- g. Low level of trust among Kosovar business operators presenting a challenge to quickly and easily establish and build cooperative and effective working relationships
- h. Subsistence mentality among many MSMEs in rural communities and minority areas, and elsewhere

We believe these constraints can be ameliorated in large part by increased pressure on the GOK by the international development institutions working in Kosovo. In this regard we are speaking to the need for the GOK to initiate and undertake the reforms needed to address constraints a, b, c, d and f above, which we believe that considerable further assistance will be required from among the international development institutions. As to constraint e, we believe the international development community will need to find ways to facilitate the inflow of the investment capital that will be needed and believe that additional support from such international development institutions as IFC, EBDR, and the like will be required. We would also believe that by the GOK taking positive steps to address constraints a, b, c, d and f will encourage this (increased support from IFC, EBRD, and the like) to occur. We would also add that alleviating constraints d and f would contribute greatly toward the creation of jobs for women, youth, and minority populations, and should be focused upon for this very compelling reason. As for constraints g and h, these are common in many transitional and developing economies and should be approached on the basis that trust is earned and the responsibility is ours to show the positive sides of changed thinking that will encourage natural movement toward another way of thinking.

- *How effective was the design, criteria, and safeguards for the Strategic Activities Fund for achieving programmatic impact through sub-contracts and grants?*

**Finding: The design, criteria, and safeguards for the SAF for achieving programmatic impact through sub-contracts and grants were found to be more than effective for the intended purpose.**

Our conclusion is based on a review of the design, criteria, and safeguards for the SAF and discussions with the KCBS SAF team which focused, among other things, on the volume of subcontracts and grants that had been administered, administrative and operational problems encountered, and lessons learned, as well as in feed back received in interviews of some of the grantees and beneficiaries of sub-contracts and grants.

During the period of the program to date, the SAF has provided 63 sub-contracts and 75 grants to support core project activities by providing funds to local business support service providers, associations, universities, and others to provide direct interventions to clusters, enterprises, associations, and business support service providers.

The SAF manual, including criteria, procedures and policies for applying for and awarding funds, was developed by the Contractor in the spring of 2005 and approved by USAID/Kosovo in April 2005. Several conferences were organized to present the SAF to local organizations to inform them of SAF objectives, eligibility criteria, and procedures.

The two funding modalities that were initially used were Fixed Price Sub-contracts and Simplified Grant Agreements. Sub-contracts were from the start shown to be a very useful tool in supporting activities that needed fast start-up, and support for short-term activities. In general, subcontracting has shown to be practical because most of the preparatory work involved drafting a SOW which was usually prepared by KCBS staff. This was important to the process as it provided detailed background information for the activity to be implemented, described the tasks that are anticipated, and set clear and precise deliverables. There were 21 sub-contracts signed during year one, and while 42 concept papers for grants were received only two simplified grants were awarded.

The problem appears that most of the concept papers from individual companies or organizations were more in the nature of humanitarian assistance, than that of development, training or technology transfer activities, and for that reason most were rejected. In addition, the process of awarding grants to associations in their implementation of strategic plans proved to be more difficult and required more time than anticipated. This was largely because the way the process was designed it first required that associations request proposals from BSPs, and only after these proposals have been received and evaluated (with KCBS assistance) would the association prepared its application.

Another challenge was the grants awarded to associations for implementation of their strategic plans. Though the problem improved over time, in the beginning these organizations had difficulties submitting their reports in the proper format and providing the detailed information that was required.

For the most part, the feedback we have received from grantees is a reflection of the above. From their perspective, while they have expressed nothing but appreciation for the funding assistance they have received, they have commented as the delays and frustrations caused by the “paperwork” required. They also seem to understand and recognize the need for co-sharing in the cost of the benefit they have received (as an example, new technology and equipment), and though some may have been initially reluctant to do so, they seem to understand the requirement for them to let others (whose businesses might be similarly benefited by the same technology and equipment) see the new technology and equipment in operation and understand what the same technology and equipment could do for them.

This said we believe there is scope for improvement in the implementation of future USAID/Kosovo private sector programs that include activities involving SAFs (for details, see **Appendix I**).

### ***C. Sustainability***

- ***How sustainable and commercially viable were programmatic interventions? (e.g., sustainability of business associations, growth of local business service providers)***

**Finding: Programmatic interventions were found in large part to be sustainable and commercially viable.**

Evidence of the sustainability and commercial viability of programmatic interventions is readily found in the substantial increases in production and the quality of goods and services that has occurred in the three targeted clusters and value-chains, and the level of self-sustainability that has been achieved among targeted business associations.

Our conclusion is also based upon field inspections/interviews that reflect on increased sales and production starting from 2004 – from the time when client enterprises began to actively work with KCBS. The adage - “Business men do not plan to fail, instead they fail to plan” - is true. Field interviews with clients have indicated that as a result of KCBS assistance they now have formal written business plans, and that some have 5-10-15 year strategic business plans.

With regard to the cluster of eight business associations that the program has focused on, as mentioned above and in **Section III** of this report, KCBS believes and we have found no reason to doubt that at least three if not four of these associations will be self-sustaining (meaning require 20% or less of their operating budgets from outside sources) by the end of the program.

As for the BSPs that the program has assisted and the BSP community at large, we believe theirs will remain a challenging environment and that contraction and consolidation are viewed as more likely to occur before expansion. There is good news,

however, for this sector in that during our field work we encountered a good number of very bright, exceptional and capable BSPs that had been empowered by the program and that we believe are likely to flourish and to lead in the growth of this important sector.

#### ***D. Cost Effectiveness***

- ***How cost effective has the program been and do the achieved results appear to justify the investment made by USAID/Kosovo in this program? (e.g., return on investment, cost/benefit analysis, cost per program beneficiary)***

**Finding: The program has been cost effective and the achieved results are found to justify the investment made by USAID/Kosovo in the program.**

When considering program results (the cumulative changes in the primary indicators established for the program and attributable to KCBS interventions) from the perspective of either ROI or cost/benefit analysis, the value of increased domestic sales when compared to the amount of USAID/Kosovo's investment is a ratio of more than 7:1 (the target was 5:1). From the standpoint of cost per program beneficiary, KCBS has worked with 115 enterprises employing men, women, youth, and minorities, and added at least 5,372 new jobs to the Kosovo economy, with a resulting cost for each new job created of \$ 3,723. We believe these results are substantial and we believe that they more than justify the amount of USAID/Kosovo's investment.

#### **IV. Recommendations:**

Part of the reason for the evaluation is to help guide the implementation of future USAID/Kosovo private sector programs. Accordingly, as we pursued our work, we looked for issues that might help guide the implementation of future private sector development programs. Our recommendations fall under the following headings:

1. Issues that may affect future USAID/Kosovo private sector programs
2. Issues inherent in working in Kosovo

Issues that may affect future USAID/Kosovo private sector programs:

1. New laws and regulations that are passed, may be slow to acted upon, and implementation subject to considerable delays.
2. The Kosovar forests are not yet certified and the illegal wood cutting is of major concern. Until the Government takes action, Kosovo will continue to lose valuable natural resources and fail to realize on the tremendous opportunity that exists to provide meaningful forestry-related jobs that could vastly benefit women, youth and minority populations.

3. A sound land registry/cadastral system and a supportive law on mortgages could provide an additional basis for access to credit for MSMEs and individual homeowners alike.
4. More outreach through local municipalities in the rural communities and minority areas is needed to better link private banks (through their branch offices) and MFIs to local entrepreneurs and MSMEs. We believe this would help enlighten entrepreneurs and MSMEs to understand that loans can be a cost-effective means to grow and expand their businesses.
5. Focus on ways to establish better mechanisms to push market information from the urban into the rural environment so that the MSME producers can better assess their risks and rewards.
6. To meet the needs of private businesses, more programs are needed to provide trade skills training to graduating, recently graduated, under-employed and unemployed Kosovars (and particularly, women, youth and minority populations).
7. Consider trade skills training programs that target assistance to support the growth and expansion of existing or startup enterprises. In consideration for assistance and training, the enterprise could commit to hire a certain number of newly trained workers. This could be an effective means to create employment opportunities for women, youth and minority populations.
8. Focus on Kosovo's niche products. Included are wild fruits/berries and mushrooms which are harvested in the mountainous areas of Kosovo. KCBS has successfully intervened to reinvigorate Kosovo's blueberry industry by reestablishing the linkage between collectors, collection centers, and wholesalers/exporters. This has been a source of meaningful jobs for women, youth, and the minority groups. More efforts like these are required.
9. Focus efforts to get Kosovar entrepreneurs to move away from a "sales driven" approach and to move to a "marketing and market driven" approach to running their businesses. Use Kosovar trainers and successful Kosovar entrepreneurs to lead roundtable discussions where experiences are shared and the "pros" and "cons" are discussed openly.
10. Focus on programs to develop requisite and needed skills at the management and middle management levels. Training should include: management and supervision, human resource function and practices, use of position descriptions, performance review processes, inventory control practices, and preventative maintenance practices. The latter practices could provide needed jobs for women, youth and minority populations.
11. We believe there is scope for improvement in the design of a performance based management system. As an example, the inclusion of (additional)

features that would allow the system to attract fixed and variable expenses to each service (and sub-service) area, thereby enabling a more precise determination of the ROI or cost/benefit of the assistance provided in each service (and sub-service) area when compared to the results indicators for the respective service (and sub-service) area. Such a feature could also provide for more statistical analysis to convert raw data/numbers into more meaningful ratios to better correlate and evaluate, and compare performance in different service (and sub-service) areas.

#### Issues inherent in working in Kosovo

1. Electrical power load shedding is a long-term problem that adversely impacts on the competitiveness and economic growth, puts business operators at unusual risks and must be addressed.
2. Much needs to be done to both clean up the existing environment and to put in place sound environmental laws, regulations and policies to guide industrial as well as residential development. Among other beneficial outcomes, this could provide needed jobs for women, youth and minority populations.

**ANNEX I:**  
**LESSONS LEARNED**

## Appendix I - Lessons Learned

Based on discussions with, as well as the detailed information furnished to us by KCBS, much of which has been confirmed by observations and comments received during our field work, the major lessons learned include the following:

### ECONOMIC DEVELOPMENT

- *Identify opportunities to increase domestic market efficiencies and improve Kosovo's ability to supply its own market and reduce demand for imported products.*

Imports are approximately 9 times the value of exports. Products which are being imported in volume, and which could be produced in Kosovo either by producers of the same or similar products, represent significant domestic market opportunities. These products should be identified and (potential) domestic manufacturers assisted in developing a detailed production program to address: the current production process; the costs of production; the standards to which the product is made; improvements necessary to compete with the imported product – price, quality, and packaging; and a marketing program to persuade Kosovo buyers to switch their allegiance to the domestic product.

- *Identify and leverage upon Kosovo's niche products to maximize their export potential.*

Kosovo has a number of niche products. These include wild fruits and mushrooms, which are harvested in the abundant forest and mountainous areas of Kosovo. While these products are in demand in Europe, most are shipped immediately after harvesting to neighboring countries, and the value added in cleaning, grading, sizing and packaging goes to those countries. KCBS has assisted to establish the value chain to add value to these exports but more remains to be done.

- *Focus on post-harvest handling and marketing of fruits and vegetables.*

Kosovo's farmers are capable of producing high-quality fruits and vegetables; however, they are not informed as to the potential export value of their fruits and vegetables. Accordingly, most fruits and vegetables are not graded, sorted and packed into proper packages. In addition, an absence of proper storage facilities and credit constraints forces farmers to sell their produce immediately after harvesting - the introduction of more effective storage practices will allow farmers to store their produce until market prices are seasonally higher.

- *Identify and focus on infrastructure improvements to maximize benefits for economic growth.*

On previous USAID infrastructure programs, preliminary assessment reports were prepared prior to funding a project. More often these reports assessed factors such as alleviation of poverty, restoring basic infrastructural expectations, and repairing war damage. Many power distribution projects extended into rural and remote areas without producing economic benefits of any

significance. There are many instances that became evident under KCBS where the same level of investment in distribution systems could have brought significant benefits to wealth producers – especially factories sharing a distribution system with non-paying villages/ householders.

- *Identify and focus on labor-intensive operations offering profitable returns.*

Kosovo's abundant young population and comparatively low wage rates should be championed to attract investors for labor-intensive industries. One obvious candidate is waste collection and recycling; another is managed thinning of the forests and seasonal reforestation.

## **ENTREPRENEURIAL CONSIDERATIONS**

- *Recognize the entrepreneurial nature of many of the Kosovar businessman.*

For the ten years 1989-99 Kosovars were excluded from the services of a normal economy. Their initiative kept their society functioning by improvisation and without Government support. Many turned these skills to private enterprise after the war. They are less fearful of living on the edge in business and take gambles that sometimes appear over risky. Donors need to recognize these qualities and build on them by showing how their businesses can still be effective albeit in a more planned, organized and controlled business environment. Too much theoretical training though will dampen their initiative.

- *Not to dampen entrepreneurial initiative with too much theoretical training.*

Entrepreneurs need / want practical training and are caused to lose interest and become frustrated by too much theoretical training.

- *Recognize the capital constraints of businesses.*

Kosovar manufacturing entrepreneurs suffered particularly during the war. Efforts to rebuild their businesses have required large injections of capital to replace buildings and equipment before owners could even contemplate resuming operations. Such capital requirements have often exhausted the capacity of the businesses to access credit to enable them to establish their businesses on sound organizational, management and financial footings. Often the early years have been a hand-to-mouth existence making do with the least expense. While it is recognized that borrowers need to understand that financial institutions are private companies that must charge for their services to be sustainable, solutions must be found to address the particular circumstances in Kosovo.

- *Focus on ways to change attitudes in the hiring of employees.*

Kosovo has already too many under-employed qualified people who are unable to work in the business environment because they may be considered a threat to the owner or manager of the enterprise. Ways must be found to enlighten owners and managers and change limiting attitudes.

- *Focus on ways to change the attitudes of many entrepreneurs who fail to see the benefits of private bank or MFI loans to grow their businesses.*

More work shops and seminars are needed in rural communities and minority areas to help link private banks and MFIs to MSMEs and to help enlighten MSMEs to understand that a loan can be a cost-effective way to grow and expand their businesses. This is also coupled with the need to move MSMEs in these areas away from subsistence thinking.

- *Focus on ways to change businessmen's attitudes to delegation within their companies, and to out-sourcing services up and down the value chain.*

Kosovar owners are reluctant to delegate decision making within their companies. As a consequence, the owner will be chief executive, finance manager, production manager, sales and marketing manager etc. overloading himself to the point when paralysis sets in, or decisions are taken without adequate consideration of issues involved. He is also reluctant to outsource preferring to keep all operations involved in making his product within his company. Largely both these attitudes stem from suspicion and a lack of trust.

- *Seek to instill marketing as a business discipline in all leading companies.*

The current parameters and pre-selected clusters of the KCBS project have only enabled a piece-meal, or more macro level, approach to introducing marketing management to Kosovar businesses. Few businesses have been inclined to devote the financial and human resources necessary to develop a marketing plan, execute a promotional campaign (working with an agency to produce the material), track sales and evolve the strategy according to results.

## **SKILLS TRAINING NEEDS**

- *Work with business owners to develop and delegate to middle management.*

A weakness of business owners is a reluctance to delegate to lower levels of management and supervision. This is often a result of a lack of trust; but in part it is due to a lack of confidence in their skills and competences. Most of middle management was in the hands of Serbs throughout the 1990's and when they left in 1999, much of current knowledge and experience went with them. Training - particularly directly relevant on-the-job training - needs to be implemented. Training within an industry should be considered using different plants/offices for different aspects of management and supervision.

- *Develop trade skills training to support Kosovo's basic industries.*

Trade skills that were in use in the years of Yugoslavia began to disappear and fall into disuse in the 1990s. Most experienced craftsmen moved away from their industries. Kosovo industry needs to develop suitably trained personnel to continue with maintenance and operations when the few remaining skilled tradespersons retire. Young people have been given few opportunities to learn trades, and many have been lured into training for white-collar occupations, which still don't exist in numbers commensurate with job vacancies.

- *Avoid a surfeit of technical training and assistance unless the trainees have the wherewithal to implement it.*

As the years of donor involvement in Kosovo pass by, more potential clients are tiring of continued training, often in a vacuum of an inability to implement the lessons learned at the training. More attention should be given to ensuring the transition is available for trainees to put the training immediately into practice. For example, preparation of business plans should be geared to a practical, specific project for which there is a good chance of a grant/loan/lease being awarded; or training in marketing should be on a specific company need, and for which staffing will be available to enact the plan.

## **SUSTAINABLE BUSINESS ASSOCIATIONS**

- *Ensure the sustainability of local business associations.*

KCBS provided training in the development of association annual work plans, drafting association charters and bylaws, and the management by association boards of transparent accounting systems. To avoid associations staying donor-dependent, KCBS pressed the development of revenue generation services. Boards often anticipated a reluctance of their members to pay, were lukewarm in prosecuting such services, and continued to believe they could exist from membership fees alone.

- *Reinforce the advocacy capability of local business associations.*

Members are beginning to see the value of belonging to an association as they increasingly benefit from technical advice provided as part of a revenue-generating service implemented by the association. But the in-house expertise of associations to advocate on behalf of their membership in respect of legislative matters and policy remains limited. Where advocacy is conducted, it is generally done by donors, or by the more powerful individuals within the association, not by the executive.

- *Encourage associations to employ dedicated executive directors familiar with the industry rather than use Association Management firms to serve in that capacity.*

KCBS took a study tour of executive directors from leading associations to see how Association Management firms in the USA represented a multiple of associations from an office remote from the day-to-day operations of an association. This was replicated at a few of KCBS-supported associations; but the business service providers selected for the role were not sufficiently developed and skilled to fulfill this role, nor were the association boards confident that the service providers had the necessary technical knowledge to properly represent their interests. More time for increasing business sophistication on both sides is needed for this model to work successfully in Kosovo.

- *Enhance the operational capacity of local agricultural associations.*

KCBS assisted farmer associations and individual large farms which were seen as leaders in the industry, often using Short Term Technical Advisors. Field days demonstrated the effectiveness of new production and processing techniques, introduced new varieties of crops, and provided

training in health and hygiene practices to be employed on the farm, particularly in the handling of milk. All the materials generated for these trainings were made available to the respective farmer associations whose executive then extended the trainings and dispersed the materials to a much wider constituency of Kosovo's farmers.

- *Develop systems to regularly capture statistical data needed by an association and its members.*

KCBS funded the development of databases by several associations for capturing sales, imports, exports, labor, etc. However, once these were established they were not maintained current. Other sources such as the Customs and the Statistical Office keep records but the veracity of the figures produced is often questionable. Businesses, and the sectors in which they operate, must have reliable data if they are to plan effectively. Associations should take the lead in obtaining, collating, sorting and disseminating that information.

## **LOCAL BUSINESS CONSULTING SERVICES**

- *Create opportunities for local specialists with technical expertise to remain as consultants to Kosovo businesses.*

Many local technicians have benefited from working alongside both long term and short term expatriate specialists, not just on the KCBS program but on a multitude of other donor programs. As donor projects reach a sustainable level, where the majority of knowledge has been imparted to the Kosovar beneficiaries, these projects will have to be continued and further developed by local experts. The local specialists who have worked on the international programs are the logical people to staff these nascent consultancies. Unfortunately, vastly better salaries will continue to be available with donor organizations, drawing these specialists away from setting up their own consultancies. Some transition mechanism must be found to keep them in the field of expertise and to discourage them from moving into other fields [often not even technical] by the lure of a higher salary.

## **GOVERNMENT'S ROLE IN PROMOTING ECONOMIC GROWTH**

- *Assist the Government to overcome barriers/constraints to implementing change necessitated by newly promulgated laws and regulations.*

Many new laws and regulations have been passed in Kosovo in the past four years. Unfortunately too often these have not been effectively implemented and enforced. Government needs assistance in overcoming inertia, departmental reluctance, lack of capacity or lack of resources, all of which delay effective implementation. Examples of regulations whose implementation has been delayed include: the milk quality decree; regulations covering egg grading, and infrastructure procurement; and the law on construction.

- *Involve Government in promoting EN Standards.*

The Prime Minister issued a directive in 2006 that all Government procurement contracts – at the central and at the municipality levels – were to be performed in compliance with EN [and other International standards]. Even so, EN Standards remain conspicuous by their absence. Where they have been implemented, the driver has been the purchaser of the product, most often through an export contract. The Government should accept the private sector's role as a partner in getting standards accepted and implemented.

- *Coordinate donor assistance to leverage available funds.*

Extensive donor coordination is required at the operational level. It exists at the strategic level in the Prime Minister's Office, but once programs are implemented, contractor teams may be found duplicating technical advice in the same areas of assistance. Often these teams can be working on programs coming under the responsibility of a single Ministry. Recipients are confused; they often play one contractor off against another; and donor funds are ineffectively used. Regular meetings between the Ministry and all donors assisting that Ministry would lead to more effective implementation of programs.

## **STRATEGIC ACTIVITIES FUND**

- *Use subcontracts more frequently to distribute funds from a SAF.*

Many applicants for grants did not have the capacity to prepare comprehensive applications. KCBS staff often had to provide assistance in describing applicants' needs, the benefits that would accrue from an award, and the means of implementing it. Dispensing the SAF through subcontracts was more effective; KCBS wrote the scope, the tasks to be performed; and defined the indicators to be measured. In addition, it was administratively more efficient to manage procurement of equipment when it was associated with a subcontract than when it was associated with a grant. In many circumstances, subcontracts will provide better value for money.

- *Make awards to individual companies only when it is demonstrably to fund implementation of new technology; and even then to require a significant cost-share component.*

The beneficiary/subcontractor should be responsible for all activities to ensure the new technology is shared with like manufacturers/operators/farmers who would also benefit from such technology. These include trainings, demonstrations, in-plant/on-site visits to see the technology in action, and monitoring of result indicators. KCBS experience was that many beneficiaries did not organize such follow through as effectively as they might have done; it would be worth considering subcontracting these activities to a local business service provider with accountability rather than the beneficiary.

- *Set a specific schedule for receiving, reviewing and awarding SAF applications to improve administrative efficiency.*

KCBS allowed grants to be submitted on a continuous basis, so there was always some activity associated with receiving, reviewing and awarding SAF applications. As a consequence, with the small team in the grants department, insufficient time was spent in the field monitoring the indicators proposed by the applicants. After ensuring the results-indicators included in the applications are truly reflective of the benefits sought, and defining them in the award, time must be spent in subsequent monitoring to be assured that the results are indeed achieved – and this assurance should continue after the period of the grant through the end of the program.

## **MEASURING PROGRAM EFFECTIVENESS**

- *Design a PBMS that better captures the multiplier effect of the project's results.*

The principal indicators reported by KCBS were increased sales, additional jobs, new investment and new financing achieved by the project's active clients. There were other benefits such as on-

site training, workshops, seminars, which many other non-clients attended; there was funding support to the Government's SME fund that benefited many non-clients; and there was support given to Associations through whom technical advice was funneled to non-clients. There were other indirect beneficiaries such as transport companies, veterinarians, packaging design companies, seed suppliers, all of whom experienced increased sales, jobs, and investments as the economy improved. The multiplier effect on these indirect beneficiaries was not captured.

- *Ensure indicators measuring the impact of grants and subcontracts are well defined and monitored.*

Attention should be given to the indicators determined to measure the overall impact of grants and subcontracts. Improvements needed would capture the wider benefits of the program beyond the immediate impact on the beneficiary. The SAF process required a grant applicant to describe appropriate indicators and means of monitoring and measuring them. These were often pretty basic. At the time of award, a contractor should focus more on USAID's interests in evaluating total impact, and be prepared to devote more LOE to measuring this.

**APPENDIX II:  
LIST OF PROJECT DOCUMENTS  
REVIEWED**

## Appendix II - List of Project Documents Reviewed

No	Document
1	Annual Reports for Year 1, Year 2, and Year 3, and all Quarterly Reports through March 31, 2008
2	KCBS Work Plans for Year 1, Year 2, Year 3, and Year 4
3	Performance Based Management System (PBMS), and Recommendations for Improvements in the PBMS
4	Cursory review for relevance to evaluation of all STTA Reports, with a more detailed review of the reports that follow
5	Development of Association Management Companies
6	Communication Strategy
7	Global Development Alliance Assessment and Roadmap
7	Association Development
8	Technical Assistance in Branding and Promotions
9	Development of Profitable Products for Business Associations and Review of Program Development for Profitable Products for Business Associations
10	Sales and Marketing Support Activities
11	Strategic Activities Fund (SAF) Manual
12	Access to Credit – Phase 1 November 2006 to April 2007
13	Business Conditions Index in Kosovo 2005
14	Constraint Study

**APPENDIX III:  
LIST OF PROJECT PERSONS  
INTERVIEWED**

### Appendix III - List of Project Persons Interviewed

No	Name	Title	Key discussion issues
1	Martin Wood	Chief of Party	Generalized overall views, opinions, problematic or reoccurring issues, lessons learned, implementation, impacts, cost benefits, sustainability, and conclusions and possible recommendations
2	Albert Wanous	Senior Livestock Advisor	Overall development relative to livestock, the change of direction leading to continuance of developing the sheep sector and conclusions.
3	Todd Kirkbride	Senior Competitiveness Advisor	Discussions stemming from recently published Market research/focus studies on Kosovar milk products
4	Arban Musliu	Dairy & Beef Production Specialist	The overall development of the dairy and beef sectors emanating from 4 years of implementation
5	Musli Berisha	Marketing & Linkage Specialist	Marketing and linkages activities issues and outcomes
6	Burim Meqa	Wood processing Specialist	The overall development of the Construction and Materials sectors with focus on the lumber and finished wood products emanating from 4 years of implementation
7	Reshat Ajvazaj	Fruit and Vegetable Specialist	The overall development of the Fruit and Vegetable sectors emanating from 4 years of implementation
8	Valdet Osmani	Construction Specialist	The overall development of the Construction and Materials sectors emanating from 4 years of implementation
9	Milazim Makolli	Feed Grain Specialist	The overall development of the Feed. Grains and Forage sectors emanating from 4 years of implementation
10	Branimir Dimitrijevic	Marketing and Trade Linkage Specialist, And Minorities Coordinator and Marketing Specialist	The overall development of the development of linkage programs for the three sub-clusters emanating from 4 years of implementation The assistance provided to the minorities and the effective use of the Grant Funds
11	Ilir Zenela	Poultry Specialist	The overall development of the sub-

			sector Poultry emanating from 4 years of implementation
12	Safo Musta	Association and Business Specialist	Activities involving the associations and BSPs
13	Vesna Golbovic	Business Support Specialits	Minority and Women's Issues
14	Skender Rama	SAF Manager	SAF operational issues, problems and lessons learned, etc.
15	Nazmi Pilana	Performance Based Management Specialist	PBSM related issues, data collection and management, etc.v

**APPENDIX IV:  
LIST OF PROJECT CLIENTS AND  
COUNTERPARTS INTERVIEWED**

### Appendix IV - List of Project Clients and Counterparts Interviewed

No	ORGANIZATION	PROGRAM	CONTACT	POSITION
1	USAID/World Learning		Megan Falvey	Country Director
2	USAID/EMSG	EMSG	Douglas Todd	Econ. Adv. To GOK
3	Kosovo Trust Agency	EMSG - Privatization	Kirk Adams	Dir. of Privatization
4	Kosovo Trust Agency	Privatization	Veton Hajdini	Agriculture Sector Assistant
5	World Bank	Private Sector Development	Vito Intini	Project Officer
6	Crimson Capital	KCBS Partner	Michael Gold	Managing Director
7	EAR/BAS-TAM	Business Advisory Service/TAM	Ekrem Hoxha	Local Program Director
8	EAR/Grupe Soges	Investment Promotion	Granville Davies	Team Leader
9	EAR	Kosovo Center for Livestock Breeding	Martin Jones	Team Leader
10	EAR/BSI	MSTQ Project - Standards.	Richard Wheatley	Team Leader
11	KACP	K. Association of Concrete Producers	Besa Zabergja	Executive Director
12	RCAK	Road Construction Association of K.	Haziz Rysha	President
13	OEK	K. Chamber of Commerce	Ejup Qerimi	Secretary General
14	SCAAK	Soc. of Cert Accts and Auditors of K.	Ardiana Bunjaku	Executive Director
15	AKA	Alliance of K. Agribusiness	Agim Deshishku	President
16	SHPUK	K. Association of Poultry Producers	Bashkim Pllana	Executive Director
17	KAMP	K. Association of Milk Producers	Behlul Behluli	President
18	KAMP	K. Association of Milk Producers	Agim Rexhepi	Executive Director
19	KDPA	K. Dairy Product Association	Nexhmedin Salihu	Executive Director
29	AKB	Alliance of K. Business	Agim Shahini	President
21	AKB	Alliance of K. Business	Nexhat Hasani	Board Member
22	KBA	Kosovo Bankers' Association	Diturie Hoxha	Manager
23	KODAA	K. Association of Input Dealers	Agim Deshishku	President

24	AmCham	American Chamber of Commerce	Mimoza Kusari	Executive Director
25	MDA	Management Development Associates	Luan Dalipi	Partner
26	AFAS	Assoc. for Finance and Acc't Services	Hamza Gashi	Executive Director
27	UBO Consulting	Consulting Services	Uliks Osmani	Director
28	NGO "Lady"	Women Business Association	Sanija Murati	Manager
29	NGO "Mundesia"	Women Business Association	Hasime Tahiri	Executive Director
30	Womens Business Association	Women Business Association	Olivera Milosevic	Manager
31	BIOLAB	BSP in Dairy sector	Bunjamin Alili	Director
32	X-Institute	Consulting company	Fatmir Selimi	Manager
33	Molos Group	Advertising Agency	Ilir Blakcori	CEO
34	MAFRD	Ministry of Agriculture, Forests and RD	Idriz Vehapi	Minister
35	MAFRD	Ministry of Agriculture, Forests and RD	Kurtish Sherifi	Advisor to Minister
36	MAFRD/KFA	Kosovo Forest Agency	Muzafer Luma	Chief Executive
37	MAFRD/KVFA	Kosovo Veterinary & Food Agency	Qaush Kabashi	Executive Director
38	MAFRD/KVFA	Kosovo Veterinary & Food Agency	Xhemajl Dervishi	Coord. of Veterinary Laboratories
39	MAFRD/KVFA	Kosovo Veterinary & Food Agency	Flamur Kadiru	Chief of food Sanitary
40	Raiffeisen Bank	Bank	Diana Berisha	Policy development expert
41	Veterinary Faculty		Behlul Behluli	Veterinary Faculty Professor
42	Agr. Peja Instiute		Bardh Begolli	Chief of soil Analysis
43	Agricultural Faculty		Hajrip Memeti	Animal Breeding Department
44	Agroprodukt Commerce	Mushroom Processor	Avni Shabani	Director
45	Aldi	Dairy Processor	Gani Durmishi	Owner
46	As	Road Constructor	Mica Antonijevic	Owner
47	As-Promet	Processing and preserving of fruit	Ivan Vukojcic	Owner

		and vegetables		
48	Bejta Commerce	Quarry	Adem Kqiku	Manager
49	Dardania Farm	Animal feed production	Bajram Dervishaj	Director
50	Delta Pomfrit	Potato Producer and Processor	Enver Sherifi	Owner
51	Eskavatori	Road Constructor and Asphalt Prod.	Haziz Rysha	Director
52	Etlinger	Packaging of vegetables	Xhavit Kokollari	Owner
53	Euroлона	Dairy Producer	Milazim Berisha	Owner
54	FAN Zahir Pajaziti	Steel mesh producer	Agim Deshishku	Owner
55	Fetoshi	Production of insulated material	Nexhmedin Fetoshi	Director
56	Fungo FF	Collection and processing of wild fruits	Fatmir Krasniqi	Owner
57	Ideal Gashi	Wholesale of fruits and vegetables	Kened Gashi	Owner
58	Jazi	Poultry & animal feed	Labinot Gashi	Manager
59	Kabi	Dairy Processor	Nehat Bixhaku	Owner
60	Koxha Commerce	Sheep farming	Bekim Koxha	Owner
61	Magic Ice	Dairy production & ice cream	Lulzim Aliu	Director
62	Maloku	Egg Production	Sadik Maloku	manager
63	Pestova	Potato Producer and Processor	Bedri Kosumi	Owner
64	Rudina	Dairy Producer and Processor	Oruq Krasniqi	Owner
65	Sazli	Egg Production	Xhemajl Reqica	Owner
66	Taka	Egg Production	Osmon Uka	Owner
67	Tini Commerce	Wholesale of fruits and vegetables	Abedin Morina	Owner
68	Vellezerit e Bashkuar	Production of concrete elements	Sefer Susuri	Director
69	Xeni	Agricultural inputs	Muharrem Deshishku	Director