

Kosovo 2007 Performance Report

Operating Unit Performance Summary

2007 was a turbulent year for Kosovo. Seven years of UN administration were expected to end with the resolution on Kosovo's status, but diplomatic efforts continue toward finding a final settlement. USAID programs in Kosovo aimed to: 1) transform Kosovo into a stable, democratic society that respects minority rights, is at peace with its neighbors and is on a path to European integration; and 2) help Kosovo implement key aspects of the settlement agreement.

USAID recorded impressive results in its GJD programs that contributed to both goals. Rule of law efforts helped establish Kosovo's first independent judicial oversight body, the Kosovo Judicial Council, and set up mechanisms to address court operations. USAID responded to an immediate need to develop a draft of the first constitution of Kosovo, supporting the writing and vetting of the constitution. Programs in legislative development and local governance, although somewhat affected by status delays, built local capacity to implement Kosovo's status agreement. Elections activities responded with support for voter education and monitoring after a sudden call for elections, and assistance to the NGO and media brought these sectors to a state of development rivaling most countries in the "Developing Country" category.

Similarly, Mission programs had a substantial impact on economic growth, further laying the groundwork for a prosperous, stable entity. USAID assistance to the Ministry of Finance and Economy and the Tax Administration resulted in more robust macroeconomic policies and planning as well as an 11% increase in tax collections. Mission programs worked closely with KEK, Kosovo's electric utility, resulting in a 14% increase in collections. Private sector programs resulted in the adoption of international product standards, enabling Kosovar businesses to expand exports. Over 2100 jobs were created in agriculture and 700 exports worth 6 mil. Euros were completed among assisted business. USAID also met its goal of privatizing 90% of all SOEs by estimated value.

Programs in conflict mitigation enabled the USG to deepen our relationship with ethnic minorities. Small infrastructure projects helped improve social services and provided short-term employment, impacting over 55,000 Kosovo Serbs. These projects develop trust and cooperation among all stakeholders and promote stability throughout the settlement process. For information on USAID/Kosovo, go to <http://www.usaid.gov/missions/kosovo/> .

Program Area Performance \ 1 Peace & Security \ 1.5 Transnational Crime

Kosovo's security and rule of law institutions are young and inexperienced in dealing with transnational crime. The public's ignorance about key issues exacerbates this problem. Efforts to address transnational issues, therefore, need to work on public awareness, enforcement and capacity building initiatives simultaneously. The USG, through other Agencies, is addressing Financial Crimes and related law enforcement concerns. USAID's programs and activities focus on one Program Element under this program area: Trafficking in Persons.

Kosovo is an origin, destination and transit point for trafficking. Although statistics are difficult to collect and often misleading because of weakness in data collection, the State Department's "Trafficking in

Persons Report 2007" reported a significant increase in the number of Kosovars trafficked internally as well as continued trafficking activity from across Europe. In FY07, assistance aimed to increase public awareness of the issue, improve services to victims and strengthen coordination among government's response and enforcement agencies.

Public awareness efforts aimed at informing key audiences, including youth and potential victims, on the risks of trafficking. After completing a 'training of trainers', more than 500 youth leaders are working in their schools and communities to educate peers about the problem and to identify potential traffickers. 26 religious leaders were trained on human trafficking, and messages on trafficking were included in publications and lectures disseminated in 600 mosques during Ramadan. Civil society organizations formed a more meaningful partnership with government in monitoring anti-trafficking efforts. An alliance of NGOs developed an interim report on the Government's "Kosovo Plan of Action to Combat Trafficking" and disseminated the results and recommendations widely.

Seven shelters received training and technical assistance in improving the quality of services provided to victims. However, funding for shelters continues to be inadequate and the legal framework governing shelters undermines the sustainable delivery of services. A more concerted effort on these issues will be required.

The continued transfer of competencies to the Kosovo government, particularly in the security sector, and the emergence of new security structures will require stronger capacity and commitment from the government to improve coordination and response.

Program Element Performance \ 1 Peace & Security \ 1.5 Transnational Crime \ 1.5.3 Trafficking-in-Persons and Migrant Smuggling

In FY07, USAID used a three-pronged approach to trafficking, addressing monitoring and response, public awareness and victims' services. A key objective of USAID efforts has been to engender responsibility for anti-trafficking initiatives currently viewed as the mandate of UNMIK, IOM, and other international agencies, into Kosovo institutions and civil society.

To strengthen local advocacy for better prevention and protection of victims, USAID empowered civil society to take a leading role in monitoring the "Kosovo Plan of Action to Combat Trafficking (KPA)." An alliance of NGOs completed an 'interim report' on the government's progress in implementing the KPA and shared the results to a broader set of stakeholders. During six regional roundtables, 119 actors, including 79 from NGOs, studied the report and generated recommendations. The Prime Minister's Advisory Office for Good Governance (OGG) praised the reporting tool and supported the involvement of civil society.

Public awareness efforts started with a comprehensive survey of attitudes toward trafficking issues among the general population, victims of trafficking and clients of sex workers. Based on the results, a public education and media campaign was designed. Over 500 youth leaders (64% girls) were trained to train other youth in understanding the problem and identifying potential traffickers. A USAID program mobilized religious leaders to act in the fight against trafficking. 26 religious leaders were trained in human trafficking issues, and messages on trafficking were included in publications and lectures disseminated in 600 mosques during Ramadan.

USAID implementing partners worked with seven shelters, including the Ministry of Justice's Interim

Security Facility, to improve the quality of services to victims. Training provided to front-line workers increased skills in victim assistance and improved referral services. Organizational development assessments of five shelters were completed, resulting in the provision of training and consultancy on fundraising and public relations aimed at increasing the sustainability and relevance of services.

Activities enjoyed good cooperation from government officials, especially given the many political demands competing for attention during this transitional period. Over the coming years, USAID expects the OGG to undertake a more proactive approach to updating the Action Plan and coordinating efforts across government agencies and civil society.

Program Area Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation

Persistent economic problems and inter-ethnic distrust are destabilizing elements that have kept Kosovo at risk of violence since the conflict ended. As the process for determining Kosovo's final status reaches its conclusion, expectations, both positive and negative, are magnifying anxiety among all communities. Concerns are particularly high among ethnic minorities who feel most disenfranchised by status discussions. The main objectives of conflict mitigation activities, therefore, have been to deepen our engagement with minority communities and counterbalance perceptions that could derail the status process. All results in this Program Area come from one Program Element, "Conflict Mitigation".

A survey completed in December 2006 indicated that close to 40% of Kosovo Serbs considered unemployment and poverty as the biggest concern facing their community, a larger response than security, interethnic relations and status combined. USAID's approach to this community, therefore, continued to include a large focus on small infrastructure projects which improve social services and create critical short-term employment. As of the end of FY07, more than 55,000 people in predominantly ethnic-Serb areas benefited from 19 quick-impact, small-scale infrastructure projects and commodity endowments.

USAID supported a comprehensive public information campaign and a series of 39 roundtables throughout Kosovo, which brought leaders together to discuss key aspects of the status process. Approximately one million residents, across all ethnicities, were reached through these efforts. The program helped assuage growing public concerns and demystify misconceptions about the political settlement, some being promulgated by potential spoilers.

USAID engaged civil society, media and youth groups in efforts to increase cross-ethnic communication and advance reconciliation. More than 18,000 youth and 78 NGOs participated in these activities. As the year ended, polling showed disturbing trends in indicators measuring inter-ethnic harmony. The percentage of Kosovo Serbs expressing willingness to "work with Albanians" fell from 79% to 28% in six months. More than 50% of Albanians and 29% of Serbs consider that a prolonged status process would negatively impact inter-ethnic relations. Finally, more Kosovars than ever - 66% - are willing to protest for political reasons. In FY08, USAID will continue to engage all communities to mitigate these concerns.

Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.1 Conflict Mitigation

The main objective of conflict mitigation activities this year was to deepen and intensify our engagement with minority communities, which are most likely to feel disenfranchised by ongoing discussions on Kosovo's final status. Key approaches utilized by USAID included community development/small

infrastructure, strategic communications, conflict monitoring, and interethnic reconciliation. As of the end of FY07, more than 55,000 people in the predominantly ethnic-Serb areas in northern Kosovo benefited from 19 quick-impact small-scale infrastructure projects and commodity endowments. Close cooperation with municipal officials, including through Memoranda of Understanding, enabled USAID to maintain communication channels at a time when these leaders withdrew from participation in Kosovo government institutions.

Immediately following the public release of the Ahtisaari plan, USAID provided technical assistance to spokespersons of the Kosovo government in discussing the settlement document, supported a comprehensive public information campaign, and facilitated a series of 39 roundtables throughout Kosovo, which brought leaders together to discuss the status process. Approximately one million residents, across all ethnicities, were reached through these efforts. The program helped assuage growing public concerns and dispel misconceptions about the political settlement, some being promulgated by potential spoilers.

USAID supported continuous monitoring of conflict trends through four quarterly “Early Warning System” reports providing analysis to government and international peace-building actors in Kosovo. To advance reconciliation, USAID assistance engaged 78 NGOs in reconciliation efforts around the themes of cross-community cooperation, freedom of movement, culture, and free and objective reporting on human rights. Initiatives were implemented through partnerships among ethnic Serb and Albanian NGOs. A series of 15 television shows was produced and broadcast locally and nationally to improve cross-community communication and to dispel misconceptions on political and social issues. To increase interaction among youth in ethnically divided communities, USAID supported various initiatives benefiting more than 18,000 youth. These initiatives worked with 30 student-led school councils and alumni to organize in-school activities, improving curricular facilities such as language, computer and science cabinets, and provide practical job skills.

Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.1 Conflict Mitigation

\“Number of USG-supported activities that demonstrate the positive impact of a peace process through the demonstration of tangible, practical benefits\” - is used to capture small infrastructure projects being implemented in communities perceived as being most dissatisfied with the ongoing status process. USAID had intended to complete 30 such projects this year, but delays in the release of FY07 resources pushed implementation further into the construction season. It is worth noting that, despite the delays, USAID did undertake community development and dialogue efforts in these communities to maintain progress in our conflict mitigation agenda. However, in the spirit of the definition of “tangible, practical benefits,” the Mission does not record the result until the infrastructure improvement resulting from the community mobilization work is complete. Most of the projects that fell behind have been completed in the first quarter of FY08. USAID has, accordingly, revised its FY08 target upwards.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

Developing a functioning and legitimate judiciary may be the greatest hurdle to moving Kosovo out of the “rebuilding country” category. Accordingly, this Program Area is among the largest funded in Kosovo, with programs contributing to three Program Elements: \“Constitutions, Laws, and Legal Systems\”, \“Judicial Independence\”, and \“Justice System\”. Short term goals of USG assistance are to conclude the transfer of

authorities from the U.N. to the new Ministry of Justice (MOJ) and Kosovo Judicial Council (KJC); increase the public's trust in the judiciary and the effectiveness of the courts; support legal professionals with improved education and associations, and develop mechanisms to serve ethnic minorities.

One of the most important developments in FY07 was the launch of an operational Kosovo Judicial Council that assumed management responsibility of the court system, which marked the introduction of an independent judicial system in Kosovo. With USAID assistance, the KJC prepared and released a five-year strategic plan for managing the judicial system and created a functioning secretariat. A Court Administration Committee was formed to focus on court management, and a Judicial Audit Office was established to remedy operational problems. To build more trust in the judiciary, programs assisted in the production of PSAs and a documentary on the judicial system.

The Law curriculum at the University of Pristina was revised to include courses such as legal methodology, trial advocacy, legal research and writing, and ethics. The Kosovo Chamber of Advocates (KCA) revised the attorney code of ethics and discipline system, and prioritized the need for gender and minority outreach in its membership and activities.

USAID supported Kosovo's Constitutional Commission in writing and vetting the draft of a new constitution. USAID also provided ongoing mentorship to nine sub-working groups of the constitutional working group that dealt with key components of the constitution. Training in legislative drafting, policy development, litigation skills and principles and standards of ethics was provided to the MOJ Legal Drafting Department.

Progress on some key initiatives was slowed due to the absence of a promulgated Law on Courts, slow progress on the judicial vetting process, and the continued boycott of Pristina institutions by Kosovo Serbs. USAID is prepared to respond quickly to these priorities in FY08 should the environment improve.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.1 Constitutions, Laws, and Legal Systems

Determination of Kosovo's political status will require revision and harmonization of numerous key laws and regulations, as well as the development and promulgation of new laws arising from the terms of the settlement agreement. FY07 assistance aimed to build the capacity of Kosovo's Ministry of Justice (MOJ) in legal drafting and assist other key Ministries in drafting and vetting laws of particular significance to the USG. In the middle of the reporting period, the Mission responded to an immediate need for assistance in the development of a new draft constitution for Kosovo.

FY07 activities focused on:

1) Drafting laws and developing legislative capacity: Mission programs provided ongoing mentoring in legal drafting techniques and policy-making to the MOJ's Legal Drafting Department. Approximately 700 hours of training, made possible through a pro-bono contribution of time from a U.S. law firm, was provided to MOJ staff in legislative drafting, policy development, litigation skills and principles, and standards of ethics. With USAID support, the draft law on courts and the law on public prosecutors were finalized. However, these two laws have not been submitted to the Parliament as other, status-related laws gained priority. USAID assistance also helped the Kosovo Judicial Council finalize its procedural rules, establish new committees, and draft and publish a five-year strategic plan.

2) Creating a draft constitution: Mission personnel and programs provided technical support to the process and advice on the content of the draft constitution. USAID provided three US constitutional experts to advise members of the constitutional working group. USAID also provided ongoing mentorship to nine sub-working groups of the constitutional working group that dealt with key components of the constitution, including separation of powers, human and community rights, justice sector and security sector. USAID-organized workshops and conferences helped build consensus around the drafting and vetting process. Formal approval of the constitution will depend on Kosovo's final status determination.

Host country commitment was strong throughout FY07. Some components of this program element were not achieved because of Kosovo's ongoing status resolution process, which introduces new priorities and creates a constantly dynamic political environment. Women have actively participated in all legislative initiatives, including the constitutional drafting process.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.2 Judicial Independence

Creating an independent judiciary is a critical contributor to developing a society based on the rule of law. In FY07, USAID helped launch the first independent judicial oversight body in Kosovo – the Kosovo Judicial Council (KJC) – which is the key institution that governs courts and oversees judges and prosecutors. With USAID assistance, the KJC prepared and released a five-year strategic plan for managing the judicial system, and created a functioning secretariat. In addition, the Mission assisted the KJC in:

1) Developing mechanisms for enforcement of judgements: A Court Administration Committee was formed to focus on court management, and successful mechanisms were developed to reduce the extensive backlog of court cases. A Judicial Audit Office was established to identify operational problems, and has completed eight audits with recommended changes.

2) Developing ethical standards: The Judicial Inspection Unit spearheaded efforts to prioritize ethics and professionalism at all levels. The Mission provided trainings to eight inspectors and seven auditors in this unit. Programs also helped the KJC establish rules and procedures for disciplining judges and prosecutors. USAID also assisted the Ethics and Discipline Committee of the Kosovo Chamber of Advocates (KCA), Kosovo's bar association, to revise the attorney code of ethics and disciplinary systems, and to strengthen enforcement capacity.

3) Raising public confidence: Programs assisted in the production of PSAs and a documentary on the judicial system for the general public. As a result, there was a large increase in citizen inquiries and complaints, which were systematically addressed by the KJC. Programs working with the KJC to improve judicial efficiency have increased the ability of courts to manage caseloads, which also help boost public confidence in the system.

Host country commitment was strong throughout FY07. The delay in status resolution required USAID to defer some initiatives, but has not created insurmountable obstacles to our programs. USAID made all efforts to attract women and minorities in the new independent judiciary, for example, working closely with Judge Krivokapic, female vice chair of the KJC and ex-officio head of judicial and prosecutorial disciplinary committees.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

FY07 witnessed a number of important reforms in Kosovo's justice system. USAID's programs focused on building the capacity of the Kosovo Judicial Council, courts and legal professionals, outreach to minorities and women, and public awareness and education.

In addition to key results in establishing the Kosovo Judicial Council, as described in the "Judicial Independence" narrative, USAID helped strengthen another pillar in rule of law -- Kosovo's Ministry of Justice (MOJ). USAID technical assistance helped complete the transfer of authorities from UNMIK to the MOJ, provided training to MOJ staff on core competencies, and installed oversight mechanisms for budget planning and administration. USAID also supported the development of a strategic plan for the Ministry, which clarified goals and responsibilities while respecting the principles of an independent judiciary.

The Law Faculty's curriculum was revised to include courses introduced by our legal support program, including practical skills training, legal methodology, trial advocacy, legal research and writing, and ethics and professional responsibility. The improved curriculum was further strengthened by USAID-initiated intern programs for law students and recent graduates, which will help better prepare those entering the legal profession. The Kosovo Chamber of Advocates (KCA) revised the attorney code of ethics and discipline system and prioritized the need for gender and minority outreach in its membership and activities. With USAID assistance, the KCA organized a conference on "Women and the Law in Kosovo" and for the very first time, conducted a roundtable for ethnic-Serb jurists on "How to Enter the Legal Profession in Kosovo."

USAID completed the design and refurbishment of a modern student courtroom facility at the University of Prishtina, and initiated a partnership with the Kosovo Judicial Institute (KJI) for implementation of a judicial training program in FY08.

All programs recognized the need for public awareness and education. Primary school children were part of a Student/Court exchange program. A new Teen Law project for secondary school students was launched. A number of publications, PSAs and a documentary on the judicial system were produced and aimed at the general population. Host country commitment has been strong throughout FY07. The delay in status resolution has caused USAID to defer some initiatives, but has not created insurmountable obstacles to our programs.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.2 Judicial Independence

Kosovo's Law on Courts and Law on Prosecutors, two key pieces of legislation crafted and vetted with USG assistance, have not been promulgated due to the ongoing status discussions and the need for the Kosovo Government and Assembly to focus attention on legislation specifically required in the settlement document. Much of the assistance anticipated to be captured in this indicator concerns these laws, as well as resulting implementing regulations. Presuming passage of the Law on Courts and the Law on Prosecutors, USAID still expects to meet FY08 targets.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

Plans for FY07 programs under this Program Area included work in two Program Elements, "Legislative
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Function and Process\" and \"Local Government and Decentralization,\" and were geared toward building the capacity of key institutions to implement Kosovo's final status settlement agreement. As such, this Program Area was most affected by delays in the status process. Short-term goals of USAID assistance included helping stand up new municipalities to serve the needs of minorities, creating legislation to support decentralization, and building the capacity of the Assembly to formulate policy and efficiently handle the many legislative requirements arising from the settlement document.

Despite the delays, results were achieved in local government activities. USAID assistance was instrumental in preparing the \"Action Plan for the Implementation of Decentralization,\" and the drafting and harmonization of three basic laws on local governance (law on local self-government, law on municipal boundaries and law on local elections). USAID initiated municipal profile development, and assisted the Ministry of Local Government Administration (MLGA) in conducting advanced research and cost estimates for standing up five new municipalities. These investments provided the MLGA with the tools for the rapid establishment of the municipalities as soon as Kosovo's final status is determined.

A program aimed at bringing municipalities closer to minority communities continued to produce results. Municipalities received assistance and grant support to design and implement infrastructure improvements in 14 ethnic-minority communities, which benefited around 17,000 people.

Efforts in the Central Assembly helped four important committees improve the use of research in decision-making, increase transparency in operations, and improve outreach to the public. USAID trained Assembly staff in developing and disseminating official records of committee procedures, and introduced protocols for holding public hearings on legislative matters of social and economic importance.

Given ongoing political developments, it is difficult to predict the level of cooperation that decentralization activities will receive post-status. The Mission is working closely with government counterparts and implementing partners to remain responsive to opportunities to advance USG objectives in this Program Area.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

A strong Central Assembly is needed to monitor Kosovo's laws, hold the executive accountable, and implement policy priorities through the transparent use of public funds. USAID targeted assistance on helping key committees enhance the use of research and analysis in decision making, improve operations and increase public outreach.

USAID worked with four key committees: The Committee for Budget and Finance; the Committee for Health, Work and Social Welfare; the Committee for Public Services, Local Administration and Media; and the Committee for Economy, Trade, Industry, Electricity, Transport and Telecommunication. With USAID assistance, annual committee workplans, databases of experts and NGOs, and research on compliance of subsidiary legislation with basic laws were completed. USAID-supported trainings enabled committee chairs to use these resources to enhance legislative drafting and oversight.

To build the general capacity of the Assembly, the Mission provided ongoing procedural and legislative advice to Assembly members, including on the implementation of the Assembly Standards Plan, creating and conducting training seminars, and improving internal management systems. A legislative advisor

assisted the Assembly in standard legislative procedures such as tracking motions, citizen inquiries, resolutions, declarations and committee reports. An electronic tracking module filing key legislative information was also created. To raise the level of transparency in committee operations, USAID trained Assembly staff in developing transcripts, meeting minutes, draft laws and other key documents for Assembly annual reports. Informational bulletins on committee activities were published in Albanian and Serbian and distributed throughout Kosovo.

The Central Assembly cooperated well with Mission programs, and USAID's partner committees showed increased willingness to actively engage the public in the legislative process.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

Decentralization is an important part of building democracy in Kosovo by bringing governance closer to citizens and providing a durable mechanism for the protection of community rights in a post-status environment. USAID efforts focused on:

1) Establishing new municipalities: In response to the UN Office of the Special Envoy for Kosovo Decentralization Plan, USAID initiated municipal profile development and assisted the Ministry of Local Government Administration (MLGA) in conducting advanced research and cost estimates for standing up five new municipalities and expanding Novobërdë/Novo Brdo Municipality. These investments provided the MLGA with the tools for the rapid establishment of the municipalities as soon as Kosovo's final status is determined. Municipalities received assistance and grant support to design and implement infrastructure improvements in 14 ethnic-minority communities. These projects, benefiting around 17,000 people, are key to bringing minorities closer to governing institutions. Due to the delay in Kosovo's final status resolution, government has not enacted legislation, resources or mechanisms to develop and oversee future municipalities. Adoption of the Decentralization Plan also was held up, leading to delays in establishing new municipalities.

2) Reforming legislation: USAID's assistance was instrumental in preparing the Action Plan for the Implementation of Decentralization in Kosovo. USAID provided advisory support to the MLGA to draft new laws and secondary legislation. As a result, MLGA harmonized three basic laws on local governance (law on local self-government, law on municipal boundaries and law on local elections). The Mission also provided assistance to enhance the internal organization and management of four key MLGA departments.

3) Improving responsiveness to citizens: Working closely with Mission programs, the MLGA and Ministry of Finance and Economy (MFE) developed models of municipal-level performance measures. USAID partners designed and conducted several trainings for 30 municipalities, including leadership (provided to 700 municipal leaders), budget and finance, communication and public information. Programs focused on increasing municipal own-source revenues were a successful tool to indicate whether municipalities were ready to enforce and collect taxes. At least 30% of the total number of participants were women.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

Decentralization is a key component of Kosovo's final settlement agreement. Given delays in the determination of the status, implementation of decentralization has been stalled. Therefore, USAID did not

meet targets with regard to legal drafting efforts in this program area. USAID did provide key assistance to the Ministry of Local Government and Administration on several pieces of legislation, including the Law on Local Self-Government, Law on Municipal Boundaries, and Law on Elections, that are key to implementing decentralization and reflect the intent of the current settlement agreement document. In light of these delays, USAID has slowed the burn rate on our local government/decentralization activities and will be positioned to complete these results quickly after status. Efforts to provide assistance to sub-national government entities fell a bit short of the target given the slow pace of implementation of decentralization and poor execution of one component of a previous local government strengthening activity. With a new award in place, USAID and the implementing partner have developed new approaches to “rolling out” key training and capacity building efforts through Kosovo’s municipalities and expect to meet FY08 targets.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building

Kosovo elections have been administered by the international community, and political parties are still nascent. The predominantly ethnic Albanian parties have shown progress, but minority parties remain weak. To achieve the long-term goal of political stability and representative democratic governance, short-term goals of FY07 assistance included designing appropriate election systems and laws, building Kosovo’s administrative capacity to conduct free and fair elections, developing new political parties, improving voter outreach, and promoting participatory methods for drafting political platforms and nominating candidates to public office. Two Program Elements, “Consensus-Building Processes” and “Elections and Political Processes” contribute to performance in this Program Area.

Political party work continued to develop skills of emerging party leaders, improve research methodology and expand outreach to constituents. 96 participants, including 34 ethnic minorities, completed party training. In addition to research training offered by the USAID-supported Party Training Academy. The Mission used its annual qualitative research project – which conducts focus groups across Kosovo to assess public attitudes on select topics – to train parties on conducting research. USAID worked actively with all democratic parties to expand outreach by providing training on party structure, research and consensus-building, central party and party branch relations, and media relations.

Elections activities supported media campaigns and neutral civil society organizations working in voter education and elections monitoring in preparation for November 2007 elections; provided non-partisan assistance to 100 members of the Central Election Commission (CEC), CEC Secretariat (CECS) and Municipal Election Commissions, including trainings, study tours and retreats to build local capacity in order to assume competencies in election administration; and assisted in the drafting of the Law on the Registration of Political Parties, the Consolidated Election Law, and the draft law on the Central Election Commission.

The decision to hold elections in November 2007 (administered by the OSCE) distracted counterparts from program objectives. However, the Mission anticipates strong cooperation from partners, including a newly elected Assembly, during FY08.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

Elections in Kosovo are currently administered by the Organization for Security and Cooperation in Europe
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(OSCE), but it is anticipated that authority will be transferred to local institutions post-status. USG resources focused on strengthening the capacity of the Central Election Commission (CEC) and preparing for November 2007 elections. Key initiatives included:

1) Voter education: To promote the active participation of an informed electorate, Mission programs supported media campaigns and neutral civil society organizations working in voter education and elections monitoring. USAID supported an extensive media-based Public Information Campaign (PI) for the November 2007 elections intending to educate voters about the changes introduced to the election system and encourage voting. The campaign consists of the production and airing of TV Public Service Announcements (PSAs) and radio announcements, newspaper inserts, posters, flyers and stationery. Mission programs also support Kosovo NGO KIPRED, which is leading a major Get-Out-the-Vote campaign, civic education programs, and elections and media monitoring programs throughout Kosovo. Many components of these programs target ethnic minorities.

2) Building key electoral institutions: USAID provided non-partisan assistance to 100 members of the CEC, CEC Secretariat (CECS) and Municipal Election Commissions, including trainings, study tours and retreats. Progress under this component slowed due to delays in transferring responsibilities from the OSCE to CECS and the sudden announcement of elections in November 2007.

3) Developing the legal framework: USAID provided a senior legal adviser to the Ministry of Local Government Administration and the Election Forum to advise on legislative issues and help draft a new election law. Assistance was provided in the drafting of the Law on the Registration of Political Parties, the Consolidated Election Law, and the draft law on the Central Election Commission. Delays in Kosovo's final status settlement negatively impacted work under this component. USAID helped in drafting a number of laws, but they can be submitted for approval to the Parliament only after status determination.

USAID became an increasingly important player in elections and political process work in FY07 as the OSCE relied on the Mission to fund and assist elections-related activities, particularly in voter awareness and turnout. Host country commitment was strong in FY07.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

The development of political parties is vital to Kosovo because parties can represent citizen interests throughout the status process and set directions for the future. USG resources focused on:

1) Party capacity building: USAID continued to support the Party Training Academy (PTA), a set of courses including party structure and research, cooperation with NGOs, the roles of the Municipal Assembly and Central Assembly, communications and media relations. 96 emerging party leaders, including 34 ethnic minorities, participated in the academy and customized seminars. During FY07, PTA expanded from providing training to two parties, to now 15 Albanian, Serb, Turkish, Roma, Egyptian, Bosniak and Ashkali parties.

2) Research methodology: In addition to research training offered by the PTA, the Mission used its annual qualitative research project – which conducts focus groups across Kosovo to assess public attitudes on select topics – to train parties on conducting research. With USAID mentorship, senior party members organized Kosovo-wide debates on education system reform. The party then incorporated findings from this debate

into their party platform and proposed 13 changes to the education system. USAID responded to a request from one party to identify domestic polling firms, develop polls and train party branches.

2) Building constituencies: USAID worked actively with all democratic parties to expand outreach by providing training focused on party structure, research and consensus-building, central party and party branch relations, and media relations. Two USAID-funded consultants worked with four major parties, including Serb parties, to assess needs, develop messages and build overall strategy and party capacity. USAID's consultant to Kosovo Serbs began a baseline assessment of Serb parties, the results of which will help guide program direction in FY08. In addition, USAID shared the results of focus group research with Serb political parties to assist in identifying opportunities for leadership and understanding the critical issues facing their communities.

Due to delays in final status resolution, assistance was not provided to help parties articulate post-status platforms.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

Data includes project management and organizational trainings and study tours including an elections operations planning retreat for 100 members from the Central Election Commission Secretariat (CECS) that benefited altogether from these trainings. Status delay impacted our assistance in developing draft laws that will be passed by the Assembly. The law on elections never went through the Assembly; it is an UNMIK regulation since under at the current stage elections are still a reserved power of the SRSG. So the status delays impact our programming when it comes to developing the legal framework. Work on this activity has been slowed down considerably due to the difficult working relationship between USAID and OSCE that still has the responsibility to conduct elections as well as the slow transfer of responsibilities from the OSCE to CECS and the confusion around announcement of elections.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society

Programs in civil society have been a prominent part of USAID's program in Kosovo since the end of the conflict. Efforts in both Program Elements, "Civic Participation" and "Media Freedom and Freedom of Information" have helped bring the sector to a state of development rivaling most countries in the "Developing Country" category. According to the IREX Media Sustainability Index (MSI) for 2006/7, Kosovo reached "near sustainability" on all five MSI objectives (free speech, professional journalism, plurality of news sources, business management and supporting institutions). IREX reports that the Independent Media Commission (IMC) became a fully functioning, locally-staffed organization. IREX' NGO Sustainability Index describes similar achievements in the NGO sector, citing gains in the legal framework governing civil society and the capacity of NGOs.

FY07 USG assistance was geared toward increasing the professionalism and commercial viability of media, developing media associations and advocacy groups, and promoting the sustainability of Kosovo's civil society by creating an indigenous service provider for NGOs.

Media programs provided technical assistance, training and grants to two private Kosovo-wide television stations, resulting in notable increases in viewership, advertising revenues and sustainability. 164 journalists received editorial, technical and sector-specific training to upgrade their skills and improve the quality of

reporting. An increasing emphasis on media outlets targeting ethnic minorities resulted in five television and radio stations receiving grants and training to enhance budgeting, story developing and editing. Civic participation programs continued to build the capacity of NGOs to advocate for key issues and to organize coalitions and strengthen partnerships with government. Almost 300 NGOs participated in capacity-building initiatives.

However, challenges remain in the civil society sector. Both the MSI and the Freedom House Nations in Transit report cite weaknesses in investigative journalism, concerns about media independence and the fallout of anticipated consolidation of media outlets. The NGO Sustainability Index highlights the shortage of sustainable funding mechanisms for the NGO sector. In FY08, media programs will target support to investigative journalism and minority outlets. Civic participation programs will focus on providing grant support for advocacy efforts on issues of importance to the USG.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

The 2007 NGO Sustainability Report showed that Kosovo NGOs recorded slight improvements in capacity and sustainability, but that the legal environment deteriorated and advocacy efforts have fallen. To build on progress in this sector and address remaining challenges, FY 07 resources focused on:

1) Developing advocacy: Advocacy efforts at the national level were often dampened by Kosovo's ongoing status negotiations. Many NGOs are reluctant to advocate on issues unrelated to status negotiations in an effort to "preserve social unity" during negotiations. However, USAID continued to support issues-based campaigns, and those at the local level were more successful. With USAID assistance, a campaign was held advocating for the exemption of NGOs with public benefit status from paying value added taxes. As a result, some NGOs are now able to obtain exemption through administrative direction under the Ministry of Finance. Grants were provided to NGOs for campaigns advocating open list elections, which resulted in the first open party lists for parliamentary and municipal elections in Kosovo. USAID also supported the Kosovo Center for Gender Studies on a major initiative aimed at formulating, adopting and enforcing an anti-sexual harassment policy in public institutions. 1,265 women participated in these events.

2) Building NGO capacity: Trainings and consultancy services were provided to 288 Kosovo NGOs to further strengthen management and advocacy capacities, including formal training workshops, fee-for-service trainings, consultancy services, and customized trainings provided to youth, women, health and pensioner organizations. USAID provided targeted assistance to the Advocacy Resource and Training Center (ATRC), a Kosovo NGO that works with civic groups and citizens through long-term mentoring, grant-giving, training and advocacy.

3) Increasing linkages between local governments and NGOs: With USAID assistance, the ATRC helped local NGOs establish 90 partnerships (28 at the central level and 62 at the local level) to strengthen NGO and government cooperation. These partnerships raised awareness about anti-corruption, community development and good governance.

USAID sponsored a government and NGO study tour to Hungary to learn about public financing for NGOs, which contributed to increased host country commitment to civil society development and the formation of a working group to devise a new NGO Law.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

A vibrant independent media is critical to democracy and stability in Kosovo because it informs citizens, enables citizens to hold government accountable, and helps ensure that all ethnic groups have an equal voice. FY07 resources focused on:

1) Building sustainability of media outlets: Programs focused on developing the capacity of key media partners, including independent Kosovo-wide TV stations RTV21 and KTV, the Kosovo Terrestrial Transmission Network (KTTN), the Industrial Group of Electronic Media in Kosovo (GIMEK), and 14 local TV and radio stations. Impacts on RTV21 and KTV were particularly impressive. USAID provided technical assistance and training in audience research, scheduling, programming, management and finance. Both stations received equipment grants to upgrade broadcast quality. As a result, in FY07, RTV21's viewership rose 10% and KTV's rose 27%. Both stations were approved by international audit firms, and year-on-year revenues in the third quarter at RTV21 and KTV increased by 79% and 61%, respectively. KTTN received focused assistance in attracting new clients and setting appropriate salary levels.

2) Developing professionalism: USAID provided editorial and technical training to 164 journalists. A USAID-hired contractor evaluated the effectiveness of these courses and found that all participants expressed that their skills improved substantially and that they were highly satisfied with the training. 12 female media professionals, including four Serbs and two Bosniaks, participated in training targeted for emerging female leaders in the media. Additional courses for journalists developed competence to report on other areas of importance to the USG, including gender, inter-ethnic relations, judicial reform and human trafficking. Ethnic minorities were actively recruited for all seminars.

3) Improving laws and regulations: As a result of assistance from a USAID-funded media law consultant, the Independent Media Commission drafted and approved new regulations for the cable TV industry.

4) Improving ethnic-minority media outlets: USAID refocused some of its efforts on Kosovo Serb media to better serve these often isolated communities. Training and grant support was provided to five TV and radio stations to enhance skills in budgeting, story development, scripting and editing of programs.

Program Area Performance \ 3 Investing in People \ 3.2 Education

Education is not a priority sector for USG assistance in Kosovo. Activities are limited to a few concrete activities aimed at streamlining workforce development initiatives into Kosovo's universities, including the University of Pristina and the American University of Kosovo. Only one Program Element, Higher Education, is contributing to the results in this Program Area.

An organizational assessment of the University of Pristina (UP) resulted in the development of a two-year Performance Improvement Plan focused on institutional capacity-building in all university departments. UP faculty and staff started implementing the Plan with modest mentoring from USAID. Implementation will focus initially on student services and central administration, affecting improvements in student registration, class enrollment, faculty evaluation, and other processes central to improving efficiency and enriching the student experience. An internship program for recent UP law graduates was established. Two classes of interns have enrolled in cooperative learning experiences at the Ministry of Justice.

USAID funded five full scholarships for minority students at the American University of Kosovo. The program contributed to the dual goals of expanding our outreach to minorities and accelerating integration of minorities in prominent institutions.

Other workforce development initiatives, often implemented through universities, trained mid- and high-level government officials, civil society representatives and entrepreneurs. More than 350 Kosovars participated in in-country, third-country, and U.S.-based training in management, leadership, critical thinking and an array of sector-specific topics.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.2 Higher Education

The Mission's goals in this Program Element were to improve the level of professional skills for Kosovo's emerging leaders in civil society, government, and the private sector. Assistance focused on developing professional courses, strengthening ties with universities, and providing access to higher education. This program cooperated with the University of Pristina (UP), American University of Kosovo (AUK), the Ministry of Justice (MOJ), secondary schools, entrepreneurs and civil society leaders.

1. Training: In-country management and administration training, including in leadership, critical analysis and anti-corruption were provided to mid- and high-level government officials at the local and federal levels, as well as entrepreneurs and civil society leaders. 120 people participated in the series of courses. US and third-country trainings and study tours were provided to 248 emerging leaders in areas of relevance to the USG program, including the justice sector, civil society, media and small businesses. In addition, facilities and instruction for English language and computer courses were provided at seven secondary schools and one community center, benefiting 290 students. That component of the program is providing skills enhancement opportunities to youth and adults in communities at risk, predominantly in minority and mixed ethnic areas.

2. Technical assistance: Organizational assessments aimed at examining performance levels and needs were provided to the MOJ and UP. The assessment performed for the MOJ resulted in an internship program available to young law professionals. Two cohorts totaling 30 recent law graduates participated in the internship. The UP assessment resulted in a two-year Performance Improvement Action Plan focused on institutional capacity-building in all university departments.

3. Scholarships: USAID funded five full scholarships for university-level minority students (four Serbs and one Bosniak) at AUK, as well as three half scholarships for Masters-level employees from the Ministry of Energy.

All Kosovar institutions cooperated well with programs and host country commitment is expected to continue in FY08. Major components of the training program, particularly those in leadership, management and critical thinking were designed to target women. In FY07, 130 women received training aimed at preparing them to assume positions of greater responsibility in Kosovar institutions.

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

Kosovo showed respectable progress on key macroeconomic indicators during 2007. GDP growth was

3.2%, slightly exceeding IMF estimates for the year. Real investment was 802 million Euro, an increase of 6.5% over 2006. Kosovo's Ministry of Finance and Economy (MFE), one of USAID's main institutional partners, received high marks from donors and the European Commission for maintaining transparent budgeting and payment processes.

Despite these successes, Kosovo's economic institutions require greater sophistication as they increase engagement with international financial institutions, incur responsibility for servicing a significant debt burden, and guide Kosovo through an economic contraction expected after the resolution of status.

Short-term goals for USG technical assistance and training included strengthening the Ministry of Finance and Economy (MFE) and Tax Administration of Kosovo (TAK), particularly with regard to the professional execution of macroeconomic analysis, budget, treasury and tax functions. Excellent results were achieved in all areas. MFE's fiscal policy unit drafted Kosovo's Medium-Term Expenditure Framework (MTEF), a policy document outlining Kosovo's five-year expenditure strategy, including prioritized policies and sector strategies. For the first time, the budget shows multi-year planning for itemized capital projects. A near-perfect audit of the Treasury Department, conducted by Kosovo's Auditor General, affirmed USAID capacity-building efforts. Efforts to improve the Tax Administration department contributed to an 11% increase in tax collections.

Given the growing competencies of Kosovo's economic institutions, USAID has reduced our level of effort in this area. Assistance to Budget and Treasury functions, in particular, was reduced. This trend is expected to continue for the next two years. The USG, through the Department of Treasury, is starting a program of assistance in debt management, financial crimes and accounting standards to complement USAID assistance.

Kosovo does not issue its own currency, and it has no monetary policy. Therefore, all results of USAID assistance in this Program Area are captured in the "Fiscal Policy" program area.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

USAID's goals under this Program Element are to improve key fiscal functions to lay the foundation for a stable macroeconomic environment. FY07 assistance focused on the Ministry of Finance and Economy (MFE) and Tax Administration of Kosovo (TAK), the institutions responsible for macroeconomic analysis, budgeting, spending and tax collection. Resources focused on:

1) Building the MFE's capacity: With USAID assistance, MFE's fiscal policy unit drafted Kosovo's Medium-Term Expenditure Framework (MTEF), a policy document outlining Kosovo's five-year expenditure strategy, including prioritized policies and sector strategies. The MTEF will be the basis for a major donor conference post-status. Preparation of the MTEF greatly strengthened the fiscal policy unit and the budget department. Equally as important, the government now values the work of the fiscal policy unit and will work to ensure its sustainability. Along with USAID's regular assistance, USAID provided formal trainings to more than 175 staff of MFE's Budget and Treasury Departments, resulting in more robust planning capacity among all central ministries and municipalities. For the first time, the budget shows multi-year planning for itemized capital projects. USAID's on-the-job and formal training increased the expertise of Treasury Department staff, as demonstrated by a near-perfect annual audit by the Auditor General.

2) Strengthening TAK: With USAID assistance, TAK prepared a 5-year strategic plan that rectified weaknesses identified by EU and IMF assessments conducted in 2006. USAID assistance in implementing the strategic plan has improved TAK operations, as evidenced by more than tripled VAT refunds, a significant increase in enforced tax collections (2 million Euro increase in 2007), planned risk-based audits, and intensive management training for seven key managers.

Host country commitment to strengthening MFE and TAK is strong and facilitates progress. Developments in FY07 confirmed that the FY08 workplan is sound and established a strong basis for moving forward. Gender is integrated into USAID assistance in both fiscal institutions. A USAID-funded annual assessment of institutional capacity showed that gender participation in the MFE has almost achieved a “mature” level. TAK is actively working to increase taxpayer education for women entrepreneurs.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

Kosovo continues to suffer from a massive trade imbalance. The Ministry of Finance and Economy reports that in 2007, Kosovo will import more than 1.5 billion Euro worth of goods and services, while exporting less than 400 million Euro. Kosovo's recent accession to the Central European Free Trade Agreement (CEFTA), as well as bilateral agreements with Balkan neighbors, holds some promise to lessen the trade imbalance. However, Kosovo is not fully integrated into regional markets and has not made any meaningful progress toward WTO membership.

Given competing demands driven by final status negotiations and concerns about the capacity of the Kosovo government to absorb technical assistance, USAID did not implement assistance under the Program Element "Trade and Investment Enabling Environment." The Mission did proceed with programs under Program Element "Trade and Investment Capacity," building the capacity of enterprises to take advantage of export opportunities. Assistance focused on raising product quality to meet international standards and developing trade links.

USAID assisted several businesses in completing the Hazard Analysis Critical Control Points (HACCP) certification process, including identifying HACCP priorities, addressing violations and completing final audits. Mission programs provided cost sharing grants and assistance to enterprises in the agricultural and construction materials sectors to improve the quality and uniformity of products and affect improvements in the supply chain. Mission programs assisted businesses to participate in trade fairs, network with potential buyers, and market their products. In total, over 300 exhibitors and 8000 visitors participated in trade fairs, and over 300 businesspeople participated in international study tours and trade fairs. Businesses participating in USAID activities concluded 700 orders with transactions totaling more than 6 million Euros.

Upon the resolution of final status, USAID will consider ways of furthering USG objectives in the "Trade and Investment Enabling Environment" element. The WTO recently recommended that Kosovo begin preparations to start negotiations on possible membership. USAID may provide assistance in drafting and responding to member states' questions on the Memorandum on the Foreign Trade Regime, drafting WTO-consistent legislation where gaps exist, and providing targeted assistance in intellectual property, sanitary and phytosanitary standards.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

The resources for the trade and investment enabling environment have not yet been programmed due to imminent elections in November 2007, associated disruptions, and the delay in Kosovo's political status. It is expected that in early 2008, these resources will provide technical assistance to create a sound trade and investment policy framework, thus bringing Kosovo closer to meeting World Trade Organization (WTO) accession preconditions. Technical assistance for the trade enabling environment will also result in further integration into regional and EU markets. Most recently, following a successful visit to Geneva by Kosovar trade officials in October 2007, the WTO has now recommended that Kosovo begin preparations to start negotiations on possible membership. Support is likely needed in drafting and responding to member states' questions on the Memorandum on the Foreign Trade Regime; drafting WTO-consistent legislation where gaps exist; providing targeted assistance in intellectual property, sanitary and phytosanitary standards, and government procurement; and in building public awareness and consensus on WTO accession. The USG is reserving these resources until after elections, when the government will be finalized and the political environment will be appropriate for support.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

USAID programs seek to develop the capacity of Kosovo's private sector to participate in regional trade by raising products to export standards and facilitating trade links. FY07 resources targeted the livestock (dairy, meat, poultry and animal feed) sector, the fruits and vegetables (F&V) sector, and construction materials. Trade-related assistance to these sectors included:

1) Meeting standards: A critical step toward meeting international standards for export markets is improving quality control. USAID assisted several businesses in completing the Hazard Analysis Critical Control Points (HACCP) certification process, including identifying HACCP priorities, addressing violations and completing final audits. As a result, Kosovo's first F&V processing company completed the certification, and three other companies are at the final stages of the process. Mission programs also contributed to eight cost-sharing grants valued at \$270,000 to farmers and associations in the F&V cluster to procure equipment to improve the quality and uniformity of marketed products.

2) Enhancing market linkages: USAID assisted cluster businesses to participate in trade fairs, network with potential buyers, and better market products. Mission programs funded six fairs and hosted Kosovo's first Marketing & Linkages Conference that brought together over 200 producers, processors, retailers and wholesalers. In total, over 300 exhibitors and 8000 visitors participated in trade fairs, and over 300 businesspeople participated in international study tours and trade fairs. Businesses participating in USAID activities concluded more than 6 million Euros of export deals in 700 separate transactions over the past year.

USG resources also provided small grants and assistance to women-owned business, associations and farmer groups. As a result, several female-owned milk collection centers have improved their milk quality and secured long-term sales agreements with dairy processors. All activity design was informed by studies and evaluations conducted by USAID and its partners, including a cream cheese market demand study, a market assessment for the specialty Sharri cheese, a forest industry study, a finance fair impact analysis, a SWOT analysis of business support services, client satisfaction surveys, and a mid-term evaluation of the overall activity. Kosovo government agencies were cooperative with Mission programs.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and

Investment Enabling Environment

Given competing priorities and doubts about the Kosovo government's ability to absorb technical assistance in areas not directly related to the status negotiations, USAID did not implement any assistance geared toward improving the trade and investment enabling environment. This is further elaborated in the Program Area narrative.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

Kosovo has four local banks, four international banks and dozens of Microfinance Institutions. All are regulated by the Central Banking Authority of Kosovo (CBAK) and all have emerged since the end of the conflict in 2000. While all institutions are young, the financial sector continues to grow. The banking sector posted a 19.3 million Euro profit in 2006, a 42.6% increase over 2005. This increase was partly the result of a slower growth rate in bank expenditures and improved credit risk management. Return on Average Equity for banks reached a historic peak of 23%, although Return on Average Assets remained unchanged at 1.8%.

The financial market needs further strengthening in order to gain the public's trust and expand lending to the private sector. Given progress to date, USAID has scaled back our emphasis on this area to modest engagement in each sub-element, Financial Sector Enabling Environment and Financial Services. Remaining work in the enabling environment focuses on technical assistance to the CBAK to strengthen supervisory functions and protect deposits. Financial services programs aim to expand lending to underserved markets through risk sharing and innovative products.

FY07 assistance to CBAK built up local supervisory capacity for the eventual transfer of the Managing Director position to a Kosovar -- the last supervisory position still encumbered by an international. USAID helped train bank supervisors, reorganize Supervision Directorates and set up stronger examination procedures. USAID helped draft anti-money laundering legislation and established systems to collect information that resulted in arrests and prosecutions. CBAK was responsible for positive developments in the banking sector, including buyouts and mergers of two commercial banks and licensing of new banks (including one from Serbia), leading to more competition.

An ongoing partial loan portfolio guarantee under the Development Credit Authority extended 111 loans, valued over \$1.7 million, to the neglected agricultural sector. Assistance to banks and MFIs helped strengthen loan review and risk assessment procedures and introduce new lending products, such as purchase order finance, to the market. Given the relative strength of the financial services market, USAID expects to further reduce support in this area and place greater emphasis on firm-level support to enterprises, helping them become more viable bank clients.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

The Mission's objective in this Program Element is to develop a sound financial system, which is carried out by the Central Banking Authority of Kosovo (CBAK). In FY07, USAID assisted CBAK's bank supervision, insurance and pension departments and achieved impacts in three areas:

1) Supervisory Policies and Processes - The USG worked closely with the Managing Director (MD) of CBAK to develop processes of transferring this position to a Kosovar. In FY08, Mission programs will

continue to set up transparent systems of nominating and appointing candidates that will ensure that succession to the MD position will be free of political influence. All other supervisory management positions have already been transferred to Kosovars; 2) Capacity Building - USAID helped train bank supervisors, reorganize Supervision Directorates, write position descriptions and identify training needs; 3) Policy Reform and Institutionalization - CBAK helped develop anti-money laundering supporting legislation, set up stronger examination procedures, and helped authorities with staff and information that resulted in arrests and prosecutions.

A Basel Core Principles Assessment, conducted in 2006, showed that as a result of USAID assistance, CBAK fulfilled most requirements of efficient bank supervision, but that some weaknesses exist in off-site examination and the legal framework. In response, USAID helped revise many of CBAK's banking rules, amended the regulation on bank licensing, initiated a training program for off-site examiners, and strengthened monthly financial reporting tools.

During FY07, all staff in managerial positions completed several trainings, including USAID's Professional Development Program, a highly-regarded program in management. Staff in three key positions -- Director of Banking Supervision, Chief Bank Examiner and Chief Supervision Officer -- received bank supervision and examination procedures training by USAID advisors. With USAID assistance, CBAK was responsible for positive developments in the banking sector, including buyouts and mergers of two commercial banks, and licensing and new applications of banks (including one from Serbia), leading to more competition. The program progressed to USAID's expectations, but the Mission is cautious of post-status political interference that may undermine CBAK's independence. Gender factors are well covered in this program, and most of CBAK's senior management is women.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

Despite a well-regulated banking sector and growth of financial institutions, Kosovo still sustains only low levels of financial intermediation. Mission programs helped increase and diversify financial products and services to assist SME growth, domestic sales and regional exports.

An ongoing partial loan portfolio guarantee under the Development Credit Authority, which covers up to 50% of the loss on the principal if there is a loan default, helped increase access to credit for growing SMEs. By reducing bank risk on loans issued to creditworthy borrowers in the underserved agribusiness sector, enterprises in such sectors as dairy, livestock, poultry, lamb, animal feed, and fruits and vegetables received increased agricultural loans. In FY 07, 111 agricultural loans were extended with a value of over \$1.7 million.

Technical assistance was provided to increase private sector access to credit. USAID hosted the Kosovo Financial Fair in cooperation with the Kosovo Bankers Association and the Association for Microfinance Institutions of Kosovo. The fair gathered 39 exhibitors from banks, microfinance institutions, and insurance companies. Agricultural training seminars were conducted for loan officers. Joint venture workshops helped train businesses on forming strategic partnerships with investors. USAID implementers also helped farmers and enterprises improve recordkeeping, accounting, and business plans.

USAID provided training to loan officers and product managers at five banks and non-bank financial institutions to introduce new financial products, such as leasing and purchase order finance, to the local market. USAID worked with the Central Banking Authority of Kosovo to clarify the legal and regulatory

environment for such new products and drafted supporting legislation, such as the Law on Bills of Exchanges and Negotiable Instruments. In FY 07, USAID conducted a feasibility study for a Development Credit Authority loan portfolio guarantee for purchase order finance and leasing. However, the commitment of the financial institutions to roll out new products was delayed due to bank buy-outs and mergers. As a result, USAID is pursuing the alternative path of providing trade finance to SMEs through an SME Commercial Finance Fund implemented in partnership with the Norwegian Government.

Program Area Performance \ 4 Economic Growth \ 4.4 Infrastructure

Kosovo suffers from terribly dilapidated infrastructure. The road and rail networks remain damaged from decades of neglect, greatly increasing the cost of doing business. However, problems in the energy sector are more daunting. Despite bountiful lignite resources and an extensive transmission network, Kosovo's state-run electric utility is unable to provide a reliable supply of power. Energy problems are a drain on the economy and a potential trigger of conflict. FY07 priorities in this program area included improving management at the electric utility and accelerating investment into new mining and generation projects.

Efforts to improve management of Kosovo's electric utility, KEK, produced significant results. A program to improve billings and collections, including refinements to the company's customer database and prosecution of a highly effective disconnection and collection campaign, resulted in an increase in collection performance for the first nine months of 2007 (59%) over the same period in 2006 (45%). Other measures included the installation of bulk meters at the sub-station level, which facilitate greater accountability for collection performance at the district level. However, achieving results at KEK require greater involvement than was anticipated at the beginning of the reporting period. As such, USAID advisors have guided management in the development of a comprehensive set of action plans to rationalize KEK's deficient business processes beyond billing and collection systems. Efforts at KEK will likely continue to intensify over the coming year.

Alongside World Bank-funded advisors, USAID's advisors assisted the Ministry of Energy and Mining in designing the new lignite mining and electricity generation project in Kosovo. Development of new mining and generation capacity is expected to turn Kosovo from an importer to an exporter of power.

As Kosovo prepares for final status and an anticipated donors' conference, USAID assisted the Ministry of Finance and Economy (MFE) in preparing the Medium Term Expenditure Framework (MTEF). The MTEF outlined Kosovo's five-year expenditure strategy and prioritized capital projects and sector strategies, and will facilitate smarter planning and investment in infrastructure over the coming years. Additionally, USAID began assistance to the MFE and key Ministries in developing Public Private Partnerships to meet infrastructure needs.

Program Element Performance \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

USG resources are supporting the revitalization of Kosovo's domestic energy company, KEK. KEK's cooperation and receptivity to advisors' recommendations has yielded many results, including refinements to the company's customer database and the prosecution of a highly effective disconnection and collection campaign. These measures resulted in an increase in collection performance for the first nine months of 2007 (59%) over the same period in 2006 (45%). Other measures include the installation of bulk meters at the sub-station level, which facilitate greater accountability for collection performance at the district level.

USAID's advisors have guided management in the development of a comprehensive set of action plans to rationalize KEK's deficient business processes beyond billing and collection systems alone. The capacity of KEK's workforce was bolstered by continuing on-the-job training (303 men, 22 women) and by the support provided by USAID's resident and short-term advisors.

USAID continued support to the Energy Regulatory Office (ERO) through participation in the Budapest-based Energy Regulators' Regional Association (ERRA). Through ERRA, ERO and Ministry of Energy and Mining (MEM) staff (35 men, 12 women) attended training and workshops to bolster their technical skills and understanding of the regulatory process. USAID assigned a resident advisor to ERO to assist with staff and institutional capacity-building, as well as the management of complex issues that confront the ERO daily. USAID continues to support refinements to the legal and regulatory framework governing the energy sector -- critical to the objective of attracting private capital into the sector. Engagement in this area also supports Kosovo's adherence to requirements of the regional energy integration process ("Athens Process").

Together with World Bank-funded advisors, USAID's advisors guided development of the design of a new lignite mining and electricity generation project in Kosovo, which will enable Kosovo to move from being an importer to an exporter of power.

As achievements are recorded within KEK and as the legal and regulatory framework evolves, the necessary conditions for private-sector investment in the energy sector and KEK's privatization are beginning to emerge. USAID is engaged with stakeholders on the timing and approach to such privatization, including study-tours of neighboring countries to learn from their experiences.

Element Indicator Narrative \ 4 Economic Growth \ 4.4 Infrastructure \ 4.4.1 Modern Energy Services

This year, significant progress has been made in unbundling Kosovo's once fully-integrated electric utility, KEK. The Transmission function was fully separated and incorporated into a separate entity. However, the generation and transmission functions remain a part of the same entity (KEK). USAID is revising its target for FY08 to "N" or "0" as it is unlikely further separation of functions will occur this year. Notable progress has been made toward preparing KEK for privatization. USAID assistance, primarily directed at distribution functions, have increased collections and financial management, improved internal data and accounting systems, and developed more sound investment plans. These results, captured in other indicators and elaborated in the appropriate performance narrative, are essential prerequisites to any meaningful privatization effort. USAID has revised the FY08 target for "Number of energy companies prepared and offered for privatization as a result of USG assistance" to "zero". Whereas efforts to prepare KEK for privatization will continue and, USAID expects, produce results, it is unlikely that KEK or any substantial part thereof will be offered for privatization during the next twelve months.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

Although Kosovo's agriculture sector generates 25-30% of its GDP, it is not a dynamic or competitive sector. Kosovo needs assistance in developing strong industries and reaching new markets in order to increase rural incomes and create jobs. The lack of industry standards, weak business skills, limited access to agricultural credit, and poor knowledge of current markets are among the challenges Kosovo faces in building a competitive agricultural sector.

USAID activities in this area are focused on the "Agricultural Sector Productivity" program element. FY07

priorities included improving production and product quality, improving market chain linkages among regional buyers and suppliers, and supporting new product development. Activities are coordinated with those of other donors, particularly the European Agency for Reconstruction, geared toward improving the enabling environment for agricultural sector growth.

To improve production levels and quality, USAID provided advice on improving forage quality and animal care, leading to 12.5% higher milk yields among assisted farmers and 43% average daily weight gain in calves and lambs. Assistance to the poultry industry resulted in the establishment of a full supply chain, from egg production to broilers and layers. USAID assistance drove the initiation and completion of the Hazard Analysis Critical Control Points (HACCP) certification process of a fruits and vegetables processing company in Kosovo. Mission programs provided technical advice and equipment for the adoption and implementation of Good Manufacturing and Hygiene Practices. Twelve cost-sharing grants valued at \$300,000 were provided to agribusinesses and associations to improve uniformity and quality of marketed products. USAID helped introduce several new dairy products to the market, including cream cheese, stirred set yoghurt and Sharri cheese.

USAID also supported finance, agribusiness and marketing trade fairs to link buyers with producers, with the aim of bringing more Kosovo products to local and regional markets. Seven cost sharing grants valued at \$190,000 were provided to ethnic minority businesses to improve production and facilitate cross-ethnic cooperation.

By the end of FY07, more than 2,100 jobs were created, total sales among USAID-assisted businesses increased over 50% (from \$38 million in FY06 to \$80 million in FY07), and \$10 million in capital investment flowed into the agricultural sector from Kosovar businesses.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

To increase Kosovo's agricultural sector productivity, USG assistance focused on enhancing production, improving product quality and accessing markets for the livestock (dairy, meat, poultry and animal feed) and fruits and vegetables (F&V). sectors.

1) Enhancing production: USAID consultants provided advice on improving forage quality and ratios, as well as use of modern animal care practices, leading to 12.5% higher milk yields among assisted farmers and 43% average daily weight gain in calves and lambs. Assistance to the poultry industry resulted in the establishment of a full supply chain from egg production to broilers and layers. Special assistance was given to post harvest handling and marketing in the F&V sector to mend the inconsistency between farmers' income expectations and customers' market expectations with regard to grading, sorting and packaging.

2) Improving product quality: USAID assistance drove the initiation and completion of the Hazard Analysis Critical Control Points (HACCP) certification process of an F&V processing company in Kosovo, enabling it to access international markets for the first time, and several other agribusinesses are at the final stages of certification. Mission programs provided technical advice and equipment for the adoption and implementation of Good Manufacturing and Hygiene Practices and the Government's Milk Quality Decree. Twelve cost-sharing grants valued at \$300,000 were provided to agribusinesses and associations to improve uniformity and quality of marketed products.

3) Accessing markets: USAID supported finance, agribusiness and marketing and linkages trade fairs to connect buyers to producers. Seven cost-sharing grants valued at \$190,000 were provided to ethnic minority businesses to improve production and facilitate cross-ethnic cooperation. Programs also supported several women business associations through trainings, specialized advice and small grants.

Host country ministries were open and cooperative with Mission programs. By the end of FY07, more than 2,100 jobs were created, total sales among USAID-assisted businesses increased over 50%, from \$38 million in FY06 to \$80 million in FY07, and \$10 million in capital investment flowed into the agricultural sector from Kosovo businesses. Several new dairy products were introduced to the market, including cream cheese, stirred set yoghurt, and Sharri cheese.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

Improving the capacity of Kosovo's private sector requires greater technical and management capacity at the enterprise level, stronger links with regional markets and a supportive enabling environment. USAID efforts in the "Private Sector Competitiveness" area involved work within all three program elements and are coordinated by the Mission to promote sales and job growth in promising economic sectors.

Privatization of Socially-Owned Enterprises is a key component of these efforts. USAID led Kosovo's privatization program in meeting its goal of privatizing 50% of all SOEs (by number) and 90% of SOEs (as measured by the total estimated value). Enterprise development efforts supported post-privatized companies in establishing trade links and meeting export standards. A survey on the impacts of the privatization program, completed in May 2007, showed that the first fifty privatized companies increased sales seven-fold and had, on average, invested 450,000 Euros into operations.

Another USG priority in 2007 was to strengthen commercial laws to facilitate local and foreign investment. USAID assisted government working groups and the Assembly in drafting three commercial laws: Company Law, Contract Law and Law on Real Property Rights. A Commercial, Legal and Institutional Reform index showed that Kosovo's business environment continued to improve, but highlighted challenges in implementation of commercial law and weaknesses in supporting institutions. In addition to increasing efforts to train the legal community on commercial law, USAID is supporting the private sector's ability to influence and interpret the regulatory environment confronting small businesses. Work with associations, consultants, and chambers of commerce helped to develop revenue enhancing products to ensure sustainability. Also, a legal office was established in the Chamber of Commerce to provide legal services and arbitration for commercial disputes.

The construction materials sector, which is comprised of both wood and non-wood processors, holds promise for growth. The Association of Wood Processors of Kosovo, a USAID partner, reported a 300% increase in its members sales over last year, indicating that Kosovo's wood industry is attracting attention in regional markets. However, the withdrawal of an American buyer from a major trade deal, as well as slow implementation of EU standards in procurement, highlight remaining concerns about Kosovo as a destination for investment.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

USAID assistance seeks to create a predictable investment climate and accelerate the growth of Kosovo's

private sector through improving the business enabling environment. FY07 resources focused on:

1) Supporting Commercial Law: USAID assisted government working groups and the Assembly in drafting three commercial laws: Company Law, Contract Law and Law on Real Property Rights. USAID held a year-long initial training program for 50 members of the legal community on nine core commercial laws. Planned intensive training was not delivered largely because the draft Law on Courts stalled, resulting in uncertainty as to which court has jurisdiction over commercial cases. This delay was not due to a lack of commitment to reform, but rather from a lack of consensus among Kosovars and internationals on how Kosovo's court system should be re-structured. USAID anticipates that the Law on Courts will be enacted in 2008, resolving the jurisdictional issue and allowing targeted training to proceed. For FY08, USAID will provide focused, intensive curriculum and training on 3 – 4 commercial laws through the newly-established Kosovo Judicial Institute and other fora. An annual USAID-funded Commercial, Legal and Institutional Reform index of the business environment showed that Kosovo's score increased 5 points in 2006 (from 39% in 2005 to 44% in 2006), thanks to the completion of additional commercial legislation and improvements in implementation, but that judicial training is still badly needed. While there is no obvious gender inequality in this area, gender is integrated into training plans by ensuring that women are proportionately represented.

2) Privatizing or commercializing socially-owned enterprises (SOEs) and publically-owned enterprises (POEs): USAID led the privatization program and met its goal of privatizing 50% of all SOEs (by number) and 90% of SOEs (as measured by the total estimated value of all SOEs). Therefore, as planned, USAID will be able to disengage from privatization except for assisting some of the remaining large SOEs. Regarding POEs, USAID-funded studies, assessments and technical assistance culminated in a government decision to commercialize the Pristina International Airport and to privatize the distribution functions of Kosovo's electric utility company, KEK. Government commitment to privatizing SOEs is strong, but is mixed for POEs; thus, USAID must continue to help officials understand its advantages.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

USAID's support to the private sector is multifaceted, working to improve the competitiveness of enterprises in key economic sectors. This program element includes assistance to enterprises outside of the agricultural sectors. USG activities in this element exceeded sales and job creation targets, and focused on three areas:

1) Building the capacity of the non-agricultural private sector: Technical assistance was provided to the construction materials cluster, including wood and non-wood processors. Post-privatized companies received facilitation in the area of joint ventures, advocacy on taxes, and electricity supply. In cooperation with other donors, support was provided toward achieving preconditions for forest certification. After exports of engineered wood flooring encountered challenges because the American buyer unexpectedly withdrew, local and regional markets were explored as an alternative, resulting in orders of over \$100,000 for this niche product.

2) Improving the business operating environment: USAID helped strengthen the capacity and sustainability of local intermediaries, such as associations, consultants, and chambers of commerce. Due to USAID assistance, nine associations now have approved strategic plans and six generate over 40% own revenue. Trade fairs, including a finance fair, agricultural fair, career fair and wood fair were held to facilitate market transactions, resulting in exhibits being displayed to 14,000 local and international visitors. To support

workforce development, USAID initiated marketing internship programs linking local firms with academic institutions and initiated a partnership with a U.S. university to improve ICT training.

3) Working with minorities: USAID provided training and assistance to minority-owned businesses, associations and NGOs in areas such as accounting standards, merchandising, and identifying trade opportunities. With USAID support, north-south linkages were established for recycled plastic products and two women's associations launched a cross-ethnic awareness campaign on recycling in elementary and secondary schools. Recommendations from a USAID mid-term evaluation on improving outreach to minorities have been incorporated into project activities.

As a result of these activities, more than 2,000 jobs were created, sales increased to \$41 million, and \$34.3 million in capital investment flowed into the construction materials sector by the end of FY07.

Key Issue Performance \ Trafficking in Persons

USAID/Kosovo's efforts to combat trafficking in persons focused primarily on awareness and protection of victims. Awareness initiatives used both grassroots-level and mass media approaches to educate key target audiences about the prevalence, risks and consequences of trafficking. 77 separate training events reached 2,500 key actors in civil society, government, religious institutions, youth groups and other community organizations. Approximately 500 secondary school students were trained and dispatched to lead awareness initiatives in their schools. A multi-media campaign involving television, radio and print was developed for broadcast during Kosovo's "Month Against Trafficking" in October 2007. The NGO community was mobilized to provide oversight of the Government's response to trafficking, and an alliance of NGOs is actively monitoring progress of the 'Action Plan to Combat Trafficking in Human Beings.'

USAID trained staff at seven shelters in improving referral and care. Organizational development assessments of five shelters were completed, resulting in the provision of training and consultancy on fundraising and public relations aimed at increasing the sustainability and relevance of services. Modest donations of equipment allowed shelters to better address victims' needs.

Key Issue Performance \ Microenterprise

USAID's programs in Kosovo are aimed at cluster-level improvements in product competitiveness, hence, microenterprises are not a key beneficiary of assistance. However, in sectors where competitiveness requires product standardization at the producer level, such as dairy, programs have significant results on microenterprises. Mission support to microenterprises focused on business development and improving access to finance. Assistance was provided to multiple points of a milk production supply chain. Working with local business service providers, training was provided to 154 micro-milk farms and nine milk collection centers (MCCs) to improve milk quality and increase production. As a result, all 154 farms now supply milk regularly to the MCCs. Targeted assistance also was provided to several female-owned MCCs, which have improved their milk quality and secured long-term sales agreements with dairy processors. Training in bookkeeping and herd improvements were provided to six micro-dairy farms, enabling them to determine production capacity and the strengths and weaknesses of their farms, as well as access loans from commercial banks for the first time. To help microenterprises access credit, Mission programs worked with financial institutions to innovate new financial products, such as leasing, that accommodate the needs of microenterprises. In FY07, over 88 loans ranging from \$2000-5000 were distributed.

Key Issue Performance \ Trade Capacity Building

USG support for trade capacity building in Kosovo is focused on building the capacity of key Kosovar industries to export to the EU, more fully participate in the Central European Free Trade Agreement (CEFTA), and reduce the massive trade imbalance. USAID supported exports of Kosovar products, including niche products such as wild mushrooms, blueberries, Sharri cheese, and cream with peppers, as well as processed wood and non-wood products including plastic recycling.

Modern quality standards were a significant focus of assistance. The USG contributed to the first food processor in Kosovo achieving full Hazard Analysis Critical Control Points (HACCP) certification earlier this year. USAID assisted the Kosovo Veterinary and Food Agency in implementing the Raw Milk Quality Decree to improve food safety of dairy products. Steps were taken toward achieving preconditions for forest certification to increase the competitiveness of Kosovo's wood products.

Activities facilitated market chain linkages for Kosovo products. USAID supported Kosovo's first Marketing & Linkages Conference, which brought together producers, processors and retailers. Grants to business associations improved post-harvest handling of fruits and vegetables (e.g., grading/sizing/packing and cold storage facilities), enabling them to increase exports. Assistance was provided to financial institutions to develop new trade finance products, but implementation was delayed due to buy-outs and mergers.

Key Issue Performance \ Clean Energy

Kosovo relies upon lignite-burning generation plants for most domestically-consumed power. These power plants are 23 to 45 years old and were not built to modern environmental standards. Deploying cleaner energy in Kosovo requires, at a minimum, 1) improving management of the electric utility; 2) enforcing payment discipline among consumers to encourage conservation; and 3) attracting investment in new generation capacity.

USAID's technical assistance to the electric utility, KEK, has produced many results. The effect of these efforts has been to increase fiscal discipline among end-users of electricity and better accounting for consumption. USAID's program thus enhanced the effectiveness of price-signals, thereby stimulating rational consumption behavior and conservation. USAID's efforts supported the clean-up of KEK's customer database and the prosecution of a highly-visible and effective disconnection and collection campaign.

During 2007, USAID assisted the Ministry of Energy and Mines (MEM) in attracting private investment for the development of new, state-of-the-art generation capacities. The putative new generation capacity will be roughly twice as thermally efficient as Kosovo's existing facilities, and will meet EU emission standards. While no final decision has been taken to date, the Government of Kosovo may specify that new capacity be "sequestration-ready", thus providing for the possibility of even further reductions in carbon emissions.

Key Issue Performance \ Dairy

USAID assistance to the dairy sector focused on milk production, product quality control and diversifying dairy products. Mission programs trained over 645 small dairy producers and processors to improve feed rations and enhance use of milk fat. Support was also given to the adoption and implementation of Good

Manufacturing and Hygiene Practices (GMP/GHP) and the Government's Milk Quality Decree. As a result, in FY07, USAID-assisted businesses recorded a 12.5% increase in milk yields and a 10% increase in revenues. Several women-owned milk collection centers have improved their milk quality and secured long-term sales agreements with dairy processors. Assistance to the poultry industry resulted in the establishment of a full supply chain, from egg production to broilers and layers. Several new products were introduced to the local market, including cream cheese, stirred set yogurt and the specialty Sharri cheese, resulting in \$30,000 additional monthly income for participating businesses. More than 280 tons of mixture silage (fermented, high-moisture fodder fed to cattle and sheep) was produced domestically for the first time, affecting further improvements in animal health and productivity.

Key Issue Performance \ Civil Society

Civil society is a key partner to USAID in achieving results across the portfolio. NGOs and associations play a prominent role in our anti-trafficking, enterprise development, media, conflict mitigation and legal reform efforts. In these activities, civil society is empowered to advocate for reforms and improve services to members and beneficiaries. The core of our engagement with civil society, however, remains our efforts to strengthen the NGO sector itself. FY07 resources provided training and consultancies to build internal capacities of 288 NGOs, including formal workshops, customized trainings, and fee-for-service trainings. Training and grants to 55 NGOs on advocacy and coalition-building resulted in the adoption of 15 central and local-level policies and reforms. Examples include inputs into the Law on Pension Reform; a national-level Anti-Sexual Harrassment Policy, exemption of NGOs with public benefit status from paying value added taxes, and several municipal-level reforms. The Mission supported NGOs in advocating for open list elections, resulting in the first open party lists for parliamentary and municipal elections in Kosovo. USAID assisted the Advocacy Training and Resource Center (ATRC), a Kosovo NGO that works with several civil society groups, to accelerate its grant-giving program and become sustainable. ATRC helped form 90 partnerships between local governments and NGOs, which promoted greater dialogue and civil participation in governance.

Key Issue Performance \ Water

Many regions in Kosovo suffer from water scarcity, poor water quality and absence of waste-water treatment. The situation is particularly difficult in rural areas. Up to 60% of Kosovo's population lives in rural areas, but only 9% has access to controlled and safe water from public supplies. USAID does not have a dedicated water supply and sanitation program, but these issues are often addressed through community development and small infrastructure activities. During FY07, eight water supply and sanitation projects were completed after being identified by communities as priority investments for improving the quality of life. Approximately 7,900 people benefited from the projects, which typically involved extending public water networks into new areas or constructing new infrastructure.

Beneficiary municipalities and communities contributed, on average, 40% of the cost of the projects. As a part of the project, recipients undergo a series of 10 training sessions, including on project design, maintenance and cost recovery. Communities assume responsibility for collecting user fees and repairing damages. The training contributes to the sustainable and efficient use of water and sanitation services.

Also, in summer 2007, Kosovo faced serious water shortages due to low precipitation over the previous winter. USAID cooperated with NATO Security Forces (KFOR) in designing a public information campaign to disseminate awareness and encourage conservation.

Key Issue Performance \ Increasing gender equity

USAID/Kosovo mainstreams gender sensitivity throughout its entire portfolio to increase gender equity and promote an increased role for women in all aspects of economic, political and civic life. In particular, USG resources contributed to increasing women's skills, leadership, and access to education through a leadership development program, political party training and a legal professional development program. A fellowship program developed the leadership potential of 83 mid- to high-level managers in local government, civil society and private businesses to create positive change in their respective sectors. 70% of the participants were women, and the men also participated in the seminars supporting women's leadership development. The Mission's Legislative Strengthening and Political Party Development Programs trained 189 women political party activists (36% of all participants) through its Party Training Academy, a set of courses covering the basics of political party activities. One-on-one consultations and tailored women's programming also were provided. With USAID assistance, the Kosovo Chamber of Advocates Commission on Gender and Minorities (of which four out of nine members are women) created an outreach program to recruit women and minorities, and organized a major panel discussion including over 50 leading women in the legal profession.

Key Issue Performance \ Development Research

USAID contributions to this key area were modest and limited to several independent initiatives aimed at increasing agricultural productivity. Research, testing and extension (undertaken largely through professional associations) helped develop and apply new practices and technologies to upgrade the competitiveness of businesses in the dairy and livestock sectors. Improved standards for forage, and practices for monitoring animal health were developed and disseminated to more than 1,500 farmers and other agriculture workers. As a result, milk yields from participating farms increased by more than 12% over the previous year. USAID-funded research and advice was used in the development of Kosovo's Milk Quality Decree. New practices and technologies in post-harvest handling of fruits and vegetables, developed with the support of local consultants, helped extend the shelf-life of several niche products and enabled enterprises to export. While not an institutional partner, USAID has strengthened cooperation with the Ministry of Agriculture, Food and Rural Development to help build capacity to use and disseminate research tailored to the needs of Kosovo producers and processors.

1 Peace & Security - Kosovo

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of people in host country trained on TIP related issues with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
82	300	815	270	200	32	100	546	90	135	50	200	269	180	65

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of public awareness campaigns about TIPs completed

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	4	2	3

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of shelters/safe houses established for TIP victims that are supported with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	5	7	5	7

1.5 Transnational Crime\1.5.3 Trafficking-in-Persons and Migrant Smuggling

Number of TIP victims assisted by USG programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
40	45	57	45	35	38	45	57	45	35	2	-	-	-	-

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of non-governmental constituencies built or strengthened with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	106	108	50	76

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of people attending USG-assisted facilitated events that are geared toward

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3,200	5,456	550	1,110

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of people from 'at-risk' groups reached through USG-supported conflict mitigation

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	20,500	21,765	16,200	12,810

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of people reached through USG-assisted public information campaigns to support peaceful

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,000,000	1,000,000	350,000	350,000

Number of people trained in conflict mitigation/resolution skills with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	550	888	80	380	-	300	428	40	190	-	250	460	40	190

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of USG programs supporting a conflict and/or fragility early warning system and/or

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	1

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of USG-assisted facilitated events geared toward strengthening understanding and mitigating

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	130	142	10	32

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of USG-assisted public information campaigns to support peaceful resolution of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	30	28	10	17

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of USG-supported activities that demonstrate the positive impact of a peace process

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	30	19	20	43

**1011
chars**

1.6.1 Conflict Mitigation narrative (no more than 1500 characters)

"Number of USG-supported activities that demonstrate the positive impact of a peace process through the demonstration of tangible, practical benefits" - is used to capture small infrastructure projects being implemented in communities perceived as being most dissatisfied with the ongoing status process. USAID had intended to complete 30 such projects this year, but delays in the release of FY07 resources pushed implementation further into the construction season. It is worth noting that, despite the delays, USAID did undertake community development and dialogue efforts in these communities to maintain progress in our conflict mitigation agenda. However, in the spirit of the definition of "tangible, practical benefits," the Mission does not record the result until the infrastructure improvement resulting from the community mobilization work is complete. Most of the projects that fell behind have been completed in the first quarter of FY08. USAID has, accordingly, revised its FY08 target upwards.

2 Governing Justly & Democratically - Kosovo

2.1 Rule of Law and Human Rights\2.1.1 Constitutions, Laws, and Legal Systems

Number of campaigns supported by USG to foster public awareness and respect for rule of law

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	6	12	26	30	40

2.1 Rule of Law and Human Rights\2.1.1 Constitutions, Laws, and Legal Systems

Number of USG-supported Public Sessions Held Regarding Proposed Changes to the Country's

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	3	1	6	15

0 chars

2.1.1 Constitutions, Laws, and Legal Systems narrative (no more than 1500 characters)

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of Judges Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
170	220	417	340	340	57	73	142	113	113	113	147	275	227	227

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of laws, regulations and procedures related to judicial independence Supported with USG

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	3	7	4	9	10

2.1 Rule of Law and Human Rights\2.1.2 Judicial Independence

Number of USG-assisted campaigns and programs to enhance public understanding, NGO support and

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	6	12	26	30	40

**561
chars**

2.1.2 Judicial Independence narrative (no more than 1500 characters)

Kosovo's Law on Courts and Law on Prosecutors, two key pieces of legislation crafted and vetted with USG assistance, have not been promulgated due to the ongoing status discussions and the need for the Kosovo Government and Assembly to focus attention on legislation specifically required in the settlement document. Much of the assistance anticipated to be captured in this indicator concerns these laws, as well as resulting implementing regulations. Presuming passage of the Law on Courts and the Law on Prosecutors, USAID still expects to meet FY08 targets.

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Justice Sector Personnel that Received USG Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
950	1,350	1,751	1,800	2,000	285	416	562	565	565	665	934	1,189	1,235	1,235

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Aid Groups and Law Clinics Assisted by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	1	1

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Institutions and Associations supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	3	7	7	7

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of USG-assisted Courts with Improved Case Management

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	11	11	18	17

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Ratio of New Case Filings to Case Dispositions in Courts Assisted by USG in the Area of Case

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
69	70	87	85	85

0 chars

2.1.3 Justice System narrative (no more than 1500 characters)

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of Draft Laws Subject to Final Vote in New or Transitional Legislatures Receiving USG

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	2	4	8	6	6

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of National Executive Oversight Actions Taken by Legislature Receiving USG Assistance

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	71	130	169	150	150

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of National Legislators and National Legislative Staff Attending USG Sponsored training or educational Events

					Number of women					Number of men					
	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	85	120	110	90	90	25	36	36	30	30	60	84	74	60	60

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of Public Forums Resulting from USG Assistance in Which National Legislators and

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	24	35	63	45	45

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Individuals Who Received USG-Assisted Training, including management skills and Fiscal Management, to Strengthen Local Government and/or Decentralization.

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
624	750	961	370	1,080	134	150	96	45	216	490	600	865	325	864

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Laws or Amendments Promoting Decentralization Drafted with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	6	3	6	12

2.2 Good Governance\2.2.3 Local Government and Decentralization

Number of Sub-national Government Entities receiving USG assistance to Improve their

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	37	30	37	38

2.2 Good Governance\2.2.3 Local Government and Decentralization

**Number of Sub-national Governments Receiving
USG Assistance to Increase their Annual Own-**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6	30	30	30	33

1250
chars

2.2.3 Local Government and Decentralization narrative (no more than 1500 characters)

Decentralization is a key component of Kosovo's final settlement agreement. Given delays in the determination of the status, implementation of decentralization has been stalled. Therefore, USAID did not meet targets with regard to legal drafting efforts in this program area. USAID did provide key assistance to the Ministry of Local Government and Administration on several pieces of legislation, including the Law on Local Self-Government, Law on Municipal Boundaries, and Law on Elections, that are key to implementing decentralization and reflect the intent of the current settlement agreement document. In light of these delays, USAID has slowed the burn rate on our local government/decentralization activities and will be positioned to complete these results quickly after status. Efforts to provide assistance to sub-national government entities fell a bit short of the target given the slow pace of implementation of decentralization and poor execution of one component of a previous local government strengthening activity. With a new award in place, USAID and the implementing partner have developed new approaches to "rolling out" key training and capacity building efforts through Kosovo's municipalities and expect to meet FY08 targets.

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Election Officials Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,700	100	50	-	-	300	14	20	-	-	1,400	89	30	-

2.3 Political Competition and Consensus-Building\2.3.2
Elections and Political Processes

**Number of Electoral Administration Procedures and
Systems Strengthened with USG Assistance**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	11	10	10

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Laws or Amendments to Ensure Credible Elections Drafted with USG Technical

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	15	3	15	4

**902
chars**

2.3.2 Elections and Political Processes narrative (no more than 1500 characters)

Data includes project management and organizational trainings and study tours including an elections operations planning retreat for 100 members from the Central Election Commission Secretariat (CECS) that benefited altogether from these trainings. Status delay impacted our assistance in developing draft laws that will be passed by the Assembly. The law on elections never went through the Assembly; it is an UNMIK regulation since under at the current stage elections are still a reserved power of the SRSG. So the status delays impact our programming when it comes to developing the legal framework. Work on this activity has been slowed down considerably due to the difficult working relationship between USAID and OSCE that still has the responsibility to conduct elections as well as the slow transfer of responsibilities from the OSCE to CECS and the confusion around announcement of elections.

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of Individuals who Receive USG-Assisted Political Party Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
404	950	1,141	450	450	150	300	277	150	150	254	550	864	300	300

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of political parties and political groupings receiving USG Assistance to articulate platform and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	7	16	9	16

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of USG-assisted political parties implementing programs to increase the number of

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	5	8	16	10	16

1 chars

2.3.3 Political Parties narrative (no more than 1500 characters)

2.4 Civil Society\2.4.1 Civic Participation

Number of Civil Society Organizations using USG Assistance to Improve Internal Organizational

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	202	258	288	335	335

2.4 Civil Society\2.4.1 Civic Participation

Number of CSO Advocacy Campaigns Supported by USG

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	15	27	31	36	36

2.4 Civil Society\2.4.1 Civic Participation

Number of Positive Modifications to Enabling Legislation/Regulation for Civil Society

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	3	2	5	3

2.4 Civil Society\2.4.1 Civic Participation

Number of USG Assisted Civil Society Organizations that engage in advocacy and

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	20	35	27	42	42

0 chars

2.4.1 Civic Participation narrative (no more than 1500 characters)

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Journalists Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
195	150	161	100	100	76	70	77	40	40	119	80	84	60	60

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Media Civil Society Organizations and/or Support Institutions Assisted by USG

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	4	4	4	4	2

2.4 Civil Society/2.4.2 Media Freedom and Freedom of Information

Number of Media Outlets that Received USG-supported Training to Promote Financial

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	14	14	11	14	16

0 chars

2.4.2 Media Freedom and Freedom of Information narrative (no more than 1500 characters)

3 Investing in People - Kosovo

3.2 Education 3.2.2 Higher Education

Number of host-country individuals receiving USG-funded scholarships to attend higher education institutions

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	3	8	5	8	-	-	2	2	2	3	3	5	3	8

3.2 Education 3.2.2 Higher Education

Number of host-country individuals trained as a result of USG investments involving higher education institutions

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
205	270	368	280	300	96	140	134	145	140	109	130	234	135	160

3.2 Education 3.2.2 Higher Education

Number of host-country institutions with increased management or institutional capacity as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	2	3	2

0 chars

3.2.2 Higher Education narrative (no more than 1500 characters)

4 Economic Growth - Kosovo

4.1 Macroeconomic Foundation for Growth 4.1.1 Fiscal policy

Number of key items of revenue policy work product prepared by the Fiscal Policy Unit

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	4	5	5	6	6

4.1 Macroeconomic Foundation for Growth 4.1.1 Fiscal policy

Number of key personnel in fiscal policy and fiscal administration trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
45	50	124	70	125	17	21	35	38	35	28	29	89	32	90

4.1 Macroeconomic Foundation for Growth 4.1.1 Fiscal policy

Percent of necessary preconditions for a successful Fiscal Policy Unit (FPU) established

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	82	87	89	94	96

1 chars

4.1.1 Fiscal policy narrative (no more than 1500 characters)

Number of participants in trade and investment environment trainings

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of USG supported training events held that related to improving the trade and investment

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	-	-

332

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

chars

Given competing priorities and doubts about the Kosovo government's ability to absorb technical assistance in areas not directly related to the status negotiations, USAID did not implement any assistance geared toward improving the trade and investment enabling environment. This is further elaborated in the Program Area narrative.

4.2 Trade and Investment\4.2.2 Trade and Investment Capacity

Number of Capacity-Building Service Providers receiving USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
16	20	24	30	30

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of firms receiving capacity building assistance to export

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
21	30	29	40	40

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of trade-related business associations that are at least 50 percent self-funded as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	6	4	8	6

1 chars

4.2.2 Trade and Investment Capacity narrative (no more than 1500 characters)

4.3 Financial Sector4.3.1 Financial Sector Enabling Environment

Number of financial sector supervisors trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	10	28	12	33	3	4	10	5	13	5	6	18	7	20

4.3 Financial Sector4.3.1 Financial Sector Enabling Environment

Number of on-site examinations undertaken this year with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	10	16	10	20

1 chars

4.3.1 Financial Sector Enabling Environment narrative (no more than 1500 characters)

4.4 Infrastructure\4.4.1 Modern Energy Services

Legal separation of generation, transmission and distribution functions in the electricity sector

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	-	1	-

4.4 Infrastructure\4.4.1 Modern Energy Services

Number of energy companies prepared and offered for privatization as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	-	1	-

4.4 Infrastructure\4.4.1 Modern Energy Services

Number of energy enterprises with improved business operations as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	1

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in energy related business management systems

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	30	111	36	240	-	15	22	18	70	-	15	89	18	170

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in energy related policy and regulatory practices

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	22	47	20	96	3	9	12	8	20	7	13	35	12	76

4.4 Infrastructure4.4.1 Modern Energy Services

Number of people receiving USG supported training in technical energy fields

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	204	20	60	-	5	-	10	18	-	5	204	10	42

1231
chars

4.4.1 Modern Energy Services narrative (no more than 1500 characters)

This year, significant progress has been made in unbundling Kosovo's once fully-integrated electric utility, KEK. The Transmission function was fully separated and incorporated into a separate entity. However, the generation and transmission functions remain a part of the same entity (KEK). USAID is revising its target for FY08 to "N" or "0" as it is unlikely further separation of functions will occur this year. Notable progress has been made toward preparing KEK for privatization. USAID assistance, primarily directed at distribution functions, have increased collections and financial management, improved internal data and accounting systems, and developed more sound investment plans. These results, captured in other indicators and elaborated in the appropriate performance narrative, are essential prerequisites to any meaningful privatization effort. USAID has revised the FY08 target for "Number of energy companies prepared and offered for privatization as a result of USG assistance" to "zero". Whereas efforts to prepare KEK for privatization will continue and, USAID expects, produce results, it is unlikely that KEK or any substantial part thereof will be offered for privatization during the next twelve months.

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of agriculture-related firms benefiting directly from USG supported interventions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
50	75	81	100	90

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of individuals who have received USG supported short term agricultural sector productivity training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3,704	4,030	3,489	4,440	3,000	-	-	421	-	330	-	-	3,068	-	3,000

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Percent change in value of intra-regional exports of targeted agricultural commodities as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
7,100,000	10	18	12	20

1 chars

4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of the 11 core commercial laws put into place with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	10	7	10	10

1 chars

4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of firms receiving USG assistance to invest in improved technologies

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	24	30	28	40	40

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of new members in private business associations as a result of USG assistance

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1,115	1,260	1,409	1,420	1,600

4.6 Private Sector Competitiveness4.6.2 Private Sector Productivity

Number of SMEs receiving USG assistance to access bank loans or private equity

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	14	22	16	30	30

1 chars

4.6.2 Private Sector Productivity narrative (no more than 1500 characters)

