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# QUARTERLY REPORT QUARTER ENDING: 31 MARCH 2008

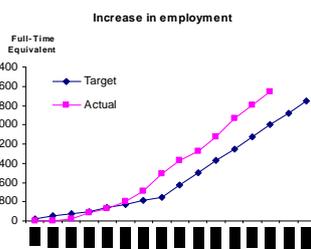
KOSOVO CLUSTER AND BUSINESS SUPPORT PROJECT



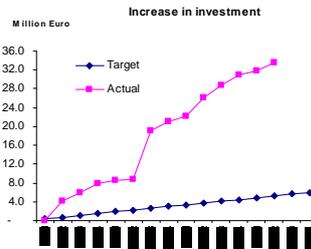
**Increase in Sales**  
 (million Euro)



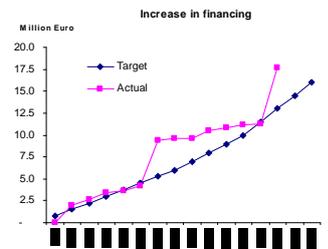
**Increase in Jobs**  
 (Full-time Equiv)



**Increase in Investment**  
 (million Euro)



**Increase in Financing**  
 (million Euro)



14 April 2008

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

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Kosovo Cluster and Business Support project: "Quarterly Report for Quarter Ending 31 March 2008"  
Contract No. AFP-I-00-03-00030-00, TO #800

This report submitted by Chemonics International Inc. / 14 April 2008

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

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## EXECUTIVE SUMMARY

The KCBS project continues to exceed the targets set for it at the start of the program. Financing, which was reported just below target at the end of December 2007, appeared to surge in the past quarter. However, the large gains are attributable to the financing numbers in the previous few quarters not being correctly submitted. Much of the financing has been taking place steadily since mid-2006. The cumulative changes in primary indicators in the 42 months of the project to date, and attributable to KCBS interventions, are:

- An increase in the value of the sales over baseline of €106.3 million
- An increase in employment of 5,372 new jobs
- An increase in capital investment of €33.5million
- An increase in the value of financing of €17.6 million

KCBS gave much attention this quarter to disseminating the body of knowledge collected by the Livestock Cluster over the past three years to farmers and municipal agriculture officials across Kosovo. Agricultural associations, which we have nurtured during the program, are assisting in this task and are using the trainings to generate revenues for their associations. After three years, clients are beginning to see the benefit of association membership and at last are willing to pay for the information and services that the associations offer.

After much pressure from KCBS, the KVFA advised KAMP and the dairy processors that the Agency expects the full provisions of the Milk Quality Decree to be formally implemented from March 2008. This means that payments in April for milk delivered in March will be calculated in accordance with the decree's provisions. KCBS's attention to improving milk quality – on the farm, at milk collection centers, and especially at the processing plants – is reaping benefits. Bylmeti dairy should get HACCP certification next quarter, Devolli has started implementing ISO standards, and four processing plants have implemented GMP standards. This surge to improve quality is attracting the attention of lesser dairies. In parallel to improving quality, KCBS has assisted clients in the promotion of new dairy products, an objective which received a fresh impetus following the presentation of a "Dairy Market Assessment Study" that KCBS completed in March. The study provides the first detailed assessment made of consumer taste and expectations in Kosovo.

KCBS has initiated links between beef growers and dairy farmers, and are advising on improved feed rations to promote the healthy growth of beef calves. In late November KCBS imported 21 Lacaune sheep from Switzerland in order to conduct supervised feeding and production trials on this new breed to Kosovo. Although the full results will not be known until end August 2008, early indications are that this breed has a 60% faster weight gain, and produces 50% more milk. KCBS arranged a seminar to inform farmers of these findings. They have shown great interest and will avail themselves of the lambs as they become available at auction. This is another initiative, which should lead to a revival of the lamb export industry.

Although there is insufficient time remaining in the KCBS program to establish a fully HACCP certified meat slaughtering facility, KCBS has provided layout and equipment planning at several new facilities with a view to ultimate certification. These include meat packing companies as well as broiler production facilities. KCBS have nominated three meat plant owners and a senior KVFA Inspector for a Cochrane Study tour to the USA this summer.

KCBS is coordinating with CARE and SHPUK all efforts to restart broiler production. KCBS is assisting Aves Prom to double his production capacity to 20,000 birds a year. KoniSoni has asked KCBS for assistance in implementing its planned development of €200,000, which will enable them to produce 500,000 broilers during the first year and will create more than 50 new jobs. A KCBS STTA has conducted artificial insemination at Taka's broiler plant, which will maximize the potential of his breeder farm resulting in higher number of day old chicks per hatch.

Regarding breeding of layers, Gjini Tag has sufficient orders to have booked his hatching capacities until end of May. The production at his breeder farm is better than recommended

by Hy Line International; mortality is far below industry standards, egg production is at levels required, and the hatching percentage matches industry standards. Gjini Tag is planning to double the production capacity that will enable him to produce for Adi, KoniSoni and other large buyers. Gjini Tag has found incubating equipment in Germany to add to his hatching capacity.

In the past quarter, KCBS concentrated on preparing F&V farmers for the summer season. Much of the work involved implementing grants for new post harvest handling equipment and assisting clients to upgrade existing cold storage and freezing facilities. A refrigeration expert STTA visited several facilities, shadowed by a Kosovar consultant, making recommendations for improving the freezing capacities and energy efficiencies of their facilities. Some clients have already contracted for implementing the necessary plant modifications. Another food processor, Pestova, a potato processing company from Vushtrri, was certified for HACCP; other local processing companies have expressed interest in being supported by KCBS on implementing HACCP standards in their plants. KCBS also established a pilot program to implement GlobalGAP standards for a small selected group of potato farmers in two regions of Kosovo – Peja and Vushtrri. Ten potato farmers are involved in this certification process, planting an area of 65 ha. for the production of 2000 tons of potatoes.

KCBS continued to provide specialist advice to the wood processing industry, especially to smaller companies who have found a niche market for exporting children's beds to Germany. Many of the companies are unaware of their production costs and how to manage them; KCBS has concentrated on giving assistance in this area. The steady growth in wood processing has revealed a severe shortage of dry kiln capacity in Kosovo. KCBS has worked with manufacturers to solve this problem, either by presenting plans for installing their own kilns at manufacturers [and seeking donor assistance to support these developments], or by negotiating linkages with those companies, which already have their own kilns.

KCBS commissioned a study "Forest Industry challenges of development and balanced use", and promoted its conclusions among different government stakeholders with the aim of improving conditions for sustainable forest management. As a result of the continuous lobbying, MAFRD has allocated a budget of €158,000 for developing long term forest management plans; and the KFA has started the implementation of the KCBS initiative for cleaning and thinning of young stands.

The main goal in working with other construction materials producers has been to reduce Kosovo's reliance on imported materials. KCBS has had significant success in three areas. Our client, FAN, has helped reduce the imports of reinforcing steel by €5.6 million since 2005. The privatization of Tulltorja has contributed to a reduction of imported clay building blocks by €12.8 million since 2005, and with the expansion planned by Tulltorja this summer that should be further reduced by another €6 million by the end of 2009. And the imports of foamed polystyrene insulation panels have been reduced by 10 million since 2003 and Kosovo is now virtually self sufficient in their production. KCBS has assisted the KACP to put on trainings for its members involved in concrete production to become familiar with EN standards and Eurocodes affecting the industry; and has assisted the RČAK to promote improved procurement practices for new road construction at the Ministry for Transportation. It appears that the new Minister is determined to implement more transparent, and universally accepted, procedures for tendering and awarding of road construction contracts.

KCBS has been planning the second marketing and linkages conference for April 23, under the theme "Increasing Competitiveness in the new Republic of Kosovo". KCBS has worked with the AKA to coordinate a B2B with Albania, Macedonia, Montenegro and possibly BiH, to be organized for the second day of the annual AKA Agricultural fair in June. The targeted sectors to be represented include: fruits & vegetables producers and processors, medicinal herbs, olive oil, dairy and processed meat, regional wholesalers, transporters and packaging producers.

Kosovar businesses are generally reluctant to spend money on marketing and effective packaging. To remedy this, KCBS has conceived a Packaging Design Competition whose

final outcome will be to encourage new packaging designs for locally produced products. The designs can then be adapted by the participating businesses and introduced into their regular production lines. In this way, KCBS will achieve three goals: assist businesses to introduce new packaging designs, improve the quality and competitiveness among local design companies and increase linkages between professional designers and manufactures/producers. For this year's competition, eight of the leading marketing/design agencies will participate in the activity producing designs for five local food processors. Five international packaging design experts have committed to serve on the judging panel. Their participation and support has greatly enhanced the attractiveness of the event for both designers and companies. The Award Ceremony is scheduled for June 11. KCBS co-opted a local consulting company, MDA, to assist KCBS in the planning and production, and to produce the competition in future years. RTV21 will host separate talk shows to promote the final show, interviewing organizers KCBS and MDA, businesses, and design companies, and thereby engender greater awareness of the role packaging plays in successful marketing.

KCBS continues to coordinate its activities with other donors, especially when seeking financial support for these activities. KCBS met with EAR's KOSVET 4 Project who were interested to learn about the KCBS training programs, the way we assist our clients, as well as KCBS grant award procedures. KOSVET 4 is considering tailoring the assistance (mainly trainings) to businesses through business associations. KOSVET 4 has now contacted all KCBS industry associations to discuss training programs for their respective industry members.

All KCBS associations have submitted new grant applications for the remainder of 2008. KCBS is reviewing these; generally they take the form of discreet and specific activities to be completed by end August 2008. KCBS has talked with the new President of the Business Consulting Council and agreed that there is great potential for the consulting profession as the demand for consulting services is growing. Industry members will revitalize the profession once the market grows and companies see an interest in the association, with donors mainly facilitating, but not subsidizing the consultancy services. For the time being though, KCBS will not be resuming its grant to this association. KCBS organized two workshops for 21 participants, representing twelve associations, to introduce them to some practical approaches to marketing activities from the perspective of not-for-profit organizations. The first addressed basic concepts of marketing, including the definition of marketing and the 4P's (product, place, price and promotion); the second addressed what can marketing do for associations; non-profit marketing plan; from plan to profit; and some actions to improve marketing.

In the past three years KCBS has put a lot of effort into improving accounting and business practice in minority regions. However, companies from minority regions still face a number of tax problems such as VAT calculation, VAT reimbursement, filling of required declarations and customs forms and other obligations stated under UNMIK tax and customs regulations. To help companies from minority regions, mainly in North Kosovo solve these problems, KCBS contracted Piramida, a BSP from North Mitrovica, to deliver the three components: training on business plan preparation; training of taxpayers on practical implementation of VAT and customs duty; and training of recently graduated economists/accountants on IAS/KAS standards.

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

On the project to date, KCBS has awarded 63 fixed price subcontracts [59 completed], 66 grant agreements [41 completed], and four material procurement contracts [4 completed] for

a total award of \$2,700,176; of this, \$2,267,881 has been disbursed. The amount awarded represents 95.7% of the revised SAF budget of \$2,818,692. During this quarter, KCBS developed a system, linked to SAF awards, commitments and payments, to closely monitor the effects of the variable dollar exchange rate on payables against current commitments, and hence the uncommitted SAF funding remaining available for further grants. This monitoring tool will allow KCBS to maximize use of SAF funds despite the fluctuating exchange rate.

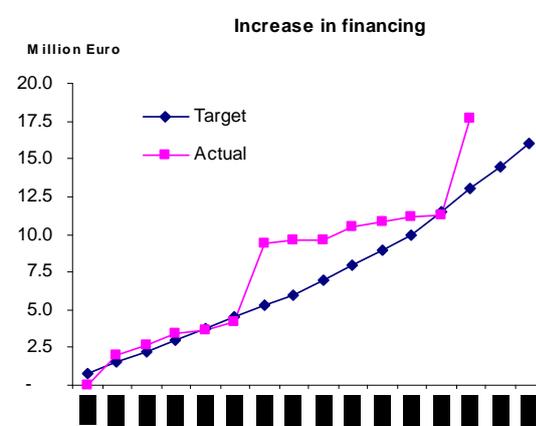
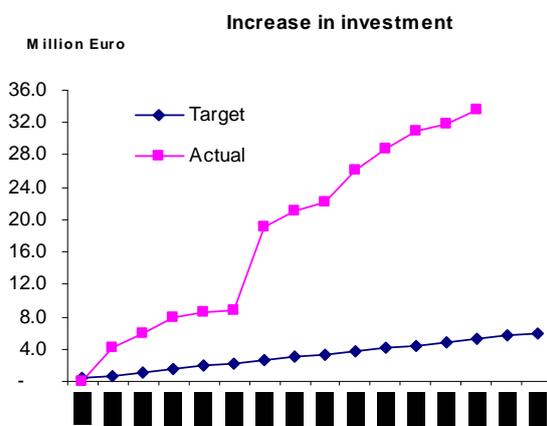
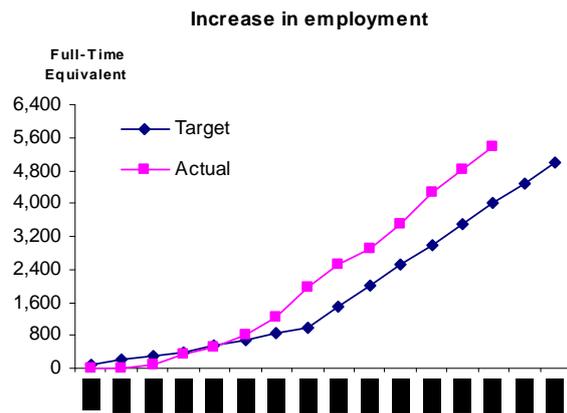
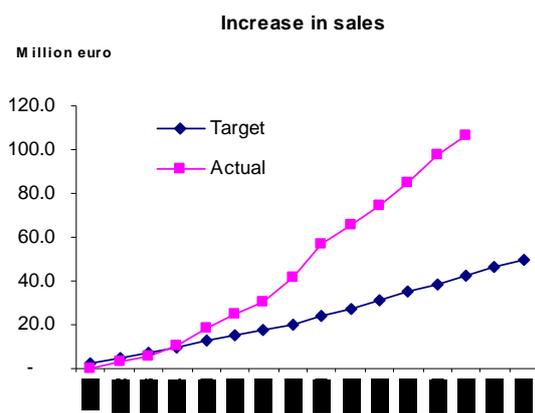
This Quarterly report summarizes progress made in the calendar quarter just ended towards objectives set out in the Work Plan. Each week, KCBS issues to USAID a weekly update, which records all of the site visits and meetings, which take place, and the subjects of concerns, opportunities and further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

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

## PERFORMANCE SUMMARY

Cumulative changes to date in primary indicators

	After 42 months	
	Target	Actual
Number of companies assisted	n/a	115
Increase in sales compared to baseline– euros (in millions)	42.5	106.3
Increase in sales over baseline - %	28.8%	72.1% <sup>1</sup>
Increase in FTE jobs	4,000	5,372
Increase in financing – euros (in millions)	13.0	17.6
Increase in capital investment – euros (in millions)	5.3	33.5



<sup>1</sup> This amount represents the percentage of total sales to date over total ANNUALIZED baseline sales by companies currently in the database. Total sales to date are €253,818,878 and total annualized baseline figure for companies is €147,504,611.

## 1.0 WORK PLAN RESULTS ACHIEVED

### 1.1 Projected Results Achieved

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

- Conduct 10 regional training workshops in key agriculture regions of Kosovo on good dairy farm practices and good pasture cropping practices. *[Achieved: All ten completed, attended by more than 350 participants. Three additional workshops also held just on pasture management].*
- Successful compliance with the Raw Milk Quality Decree by all licensed dairy processors. *[Achieved: Milk production complied in March; payments will comply on March production in April].*
- Assist in arranging long term (5yrs. or more) leasing of public pastureland by at least one farmer. 25 farmers practicing some pasture improvement practices. *[Achieved: Farmer in Ferizaj identified; plan agreed with MAFRD. However, KTA approval required. More than 25 farmers practicing improved pasture management].*
- Breeder farm meeting industry standards or better. *[Achieved: Both Gjini Tag and Taka are meeting standards].*
- Full HACCP certification for one F&V client – Pestova. *[Achieved: This Activity was projected to be completed by the end of December 2007, but following the Final Audit inspection in the middle of January 2008, Pestova company was certified.]*
- Provide designs for energy-efficiency improvements in freezing and frozen storage and product processing flow, with studies of before-and-after handling costs. *[Achieved: KCBS engaged a post-harvest food processing refrigeration engineer as an STTA who has provided expert advice on efficiency improvements].*
- Two training sessions conducted on the long-term cold storage of apples, using refrigerated chambers established in Year Three through SAF grant. *[Achieved: Training was completed as planned]*
- Complete workshops and seminars aimed at introducing Kosovar companies to current, best practices in roadbuilding, concrete production and procurement. *[Achieved: The two associations, RCAF and KACP, put on a number of workshops]*
- Prepare KCBS clients for effective presentations of new products – Packaging. *[Achieved: A Packaging Design Competition was launched, which will be realized in the third quarter; KCBS held a new product presentation in three cities promoting the launch of two new dairy products.]*
- Training in the preparation of business plans for development projects; 3-4 businesses trained. *[Achieved: Five business plans prepared according to the IOM/FAIR criteria under Piramida training in minority areas].*

### 1.2 Projected Results Not Achieved

The following results were not achieved as scheduled:

- Assist 5 farmers in accessing credit via a leasing arrangement. *[Not Achieved: Banks have still not opened their leasing facilities to farmers applying for equipment – vehicles and A/C equipment, but not farming].*
- Feed trials at a selected animal producer showing a 10% cost savings by Jan. 31, 2008 by using pelleted feed. *[Not Achieved: Tests started on broilers at Aves Prom at end March 2008. Results after 40 day cycle will be available by end May 2008].*
- Three poultry farms successfully using new accounting software by Jan. 31, 2008. Two more large poultry farms successfully using new accounting software by March 31, 2008.

*[Not Achieved: The second of the additional two large farms has decided he is satisfied with his current software, and will not be converting].*

- Waste water treatment facility installed and functioning at the KABI new dairy plant near Gjlan. *[Not Achieved: Design complete; licenses obtained; waiting for better construction weather before proceeding].*
- One nursery established for the mass production of vegetable transplants. *[Not Achieved: There will be a three weeks slippage before starting to produce vegetable transplants due to shipment delays of equipment from Italy].*
- Unit production costs for new "Colonial" line of chairs at Tefik Canga decreased by 20%. *[Not Achieved: Tefik Canga ceased to cooperate with KCBS].*
- Average monthly sales of EWF in first six months treble those achieved in last six months of Year Three. *[Not Achieved: April-Sept 2007, 2,385m2, value €33,390; Oct.2007-March 2008, 2,040m2, sales €28,560. But the goal should have compared sales in similar seasons].*
- Forest Management Plans completed covering 10,000 ha. in three forests, Ahiste, Decani and Jezerci. *[Not Achieved: Management Plans for two forests covering 5,650 ha. completed, but field measurements are still ongoing in the third forest, Jezerci].*
- Complete trade promotion trip to Serbia and Macedonia leading to new sales by end August of 300,000 euros. *[Not Achieved: Due to the political situation with Serbia, the focus was shifted towards Macedonia. After conducting interest interviews with KCBS clients it was determined the most effective way to proceed will be with direct one-to-one linkage assistance which will occur in the third quarter.]*
- Develop a marketing program for consultants/BCC members [conditional upon BCC meeting grant suspension criteria]. *[Not Achieved: BCC is no longer receiving assistance from KCBS. However a two-session marketing training workshop was provided to over 15 associations along with direct one-to-one follow-up technical assistance.]*
- Arrange case studies/visit of HACCP certified facilities in regional countries *[Not Achieved: Clients documents and visa issues problems caused organized trip to Bulgaria to be cancelled.]*

## **2.0 DAIRY SUB-CLUSTER**

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

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

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

Reproduction problems can cost a lot of money. The rate of growth of the replacement stock has been slower than expected in commercial and small-scale dairy farms, partly due to failure of AI (Artificial Insemination) services. Most farmers rely on veterinarians to provide artificial insemination for their cows. In many cases veterinarians and AI technicians are not coming on time to perform the AI and as result the conception rate is very low. In order to increase the livestock productivity it has become an imperative for farmers to be trained on artificial insemination techniques. Farmers are always at the barn; they can detect heat easily, select the semen and perform the AI This is a common practice in USA and Western Europe; in this way dairy farmers in USA and EU have improved reproduction efficiency. AI requires the farmer to be much more aware of their livestock's reproductive cycle. The farmer who performs an AI program in his herd will benefit in two ways: the farmer will be able to select the semen with best characteristics; and the farmer's costs associated with using an AI technician to perform the AI are reduced. Proper training and experience are necessary to be successful. According to Mr. Bajram Imeri director of the livestock department with MAFRD, the legal base that will allow dairy farmers to perform AI in their herd already exists. The administrative regulation that is drafted from Livestock department and adopted from MAFRD designed to support the establishment of the Kosovo center for livestock breeding (KCLB) contains a clause that permits dairy farmers to perform AI in their herds. KCBS in coordination with KAMP has selected 10 commercial farmers who have expressed interest to be trained in performing AI. KCLB, an EU funded project, will perform and support financially, the training for licensing and accreditation of AI inseminators.

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

To fatten bull calves successfully, it is important for dairy and beef farmers to have the technical knowledge in order to develop management skills. They need to recognize where gaps exist, what are the constraints and opportunities, and finally how to manage in order to develop a competitive beef production industry in Kosovo. The fact is the market demand and valuable inputs exist in Kosovo for producing beef calves; the question is how to successfully connect the demand with available inputs. With expansion of the dairy industry and improvement of the reproduction efficiency, beef calves population is increasing rapidly. At present, domestic beef production simply cannot compete with imported beef due to high feed costs. However consumers are increasingly demanding local products since there is a perception that local beef has additional safety assurances compared to imported beef. KCBS is continually working to improve beef production efficiency by introducing new feed formulations in beef rations. During this quarter KCBS initiated the project to introduce feed trials for beef calves at Jazi Company and Morina dairy farm using pelleted feed produced by Jazi Company. Pelleted beef calves rations are formulated using Dr. Roy Chapin recommendations. The purpose is to introduce the pelleting technology in the beef industry.

KCBS has linked beef growers with dairy farmers in order to supply them with healthy beef calves that will be moved directly from the dairy farm to the beef farmer. KCBS has delivered the list of dairy farmers that are selling beef calves to three potential investors in fattening beef calves. Beef calves stunted from underfeeding or diseases, especially immediately after birth, will not develop into healthy and profitable fattened bulls. With all calves coming from known sources, feeding and health information can be shared which will help minimize the transition stress.

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

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

Every farmer seeks to maximize profit. The most important management tool the farmers can use in improving their operations is to have a simple and effective dairy financial record keeping system. Proper financial record keeping will assist dairy farm managers in improving financial and business planning tools to help them in the decision-making process. With the aim to implement the introduction of basic financial record-keeping to a wider constituency of dairy farms, KCBS and KAMP selected a graduate student from Agricultural Economy department at Pristina University who will continue to explain the manual dairy farm record-keeping system developed by KCBS to at least ten selected farmers throughout Kosovo. The purpose is to expand manual financial record-keeping system that KCBS implemented with two selected dairy farms last year. To expand and improve the farm efficiency most of commercial dairy farms are required to make additional investments in their farms, but they are lacking capital to make the needed investments. The only sources of finance for them are the commercial banks and MFI; therefore dairy farmers are showing more interest in becoming trained in simple and effective dairy financial record-keeping systems so they can have a better access to credit offered from lending institutions.

It is essential that the DHI (Dairy Herd Improvement) program, initiated by KCBS, continues to run effectively for the long term sustainability of the Kosovo dairy industry. There was a reasonable concern when the KCLB (Kosovo Center for Livestock Breeding), an EU funded project supporting the expansion of the DHI program, ran for almost one year without a team leader. According to Mr. Martin Jones, the newly appointed team leader of KCLB, he is committed to complete all foreseen assignments by the end of 2008.

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

Today's consumer lifestyles are vastly different than they were half a century ago regarding food consumption. European retailers now require raw milk suppliers to have their farms certified against GlobalGAP standards. These new regulatory approaches will be adopted in the near future in Kosovo as well. KCBS prepared a SOW for hiring an expert in GlobalGAP standards to lay the groundwork for the introduction of GlobalGAP practices on dairy farms. KCBS contacted a Croatian expert who has experience regarding GlobalGAP certification of dairy production in Croatia. The consultant will also advise MAFRD on related regulations and conduct trainings for groups of farmers. New techniques in farming are required in order to receive certification of GlobalGAP standards. Kosovo has many challenges in its food chain systems and other basic infrastructure challenges. It is important to start understanding and applying GlobalGAP standards for livestock production as full implementation takes time and investments.

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

KCBS accomplished its goal for year 2008 to disseminate KCBS training brochures and power point modules that have been developed during the life of the KCBS project in ten municipalities. This quarter KCBS Livestock Cluster organized ten training sessions, in ten municipalities throughout Kosovo [Gjakovë, Lypjan, Mitrovica, Prizren, Viti, Peja, Podujevo, Gjilan, Ferizaj and Shtime]. In total, over 350 participants including farmers, veterinarians and municipal agriculture officers attended the training. Participants have shown great interest in the KCBS recommendations and thanked USAID's KCBS project for giving this support to the Kosovo dairy industry. Dairy farmers are faced with a range of management constraints. KCBS developed training brochures and Power Point training modules to overcome dairy farm management constraints, covering different topics such as: cattle housing, dairy nutrition, milk quality, reproductive health, heifer and calf raising, forage production and farm enterprise and financial records keeping.

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

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

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

KCBS has continued to assist four processing plants with the introduction and implementation of GMP standards. Golaj introduced new hygiene standards, which resulted in improved quality of Golaj's products. They finally activated their inline pasteurizer, which reduced the cost of processing by 30% amounting to €500 savings per month. KCBS started to introduce GMP standards at Magic Ice. They prepared their future equipment investment plan according to GMP standard requirements. Hygiene at Magic ice is already at a high level, which makes it easier to start implementing the document requirements for GMP. Estimated investment needed to meet GMP standards is €20,000. Kabi began the installation of a new processing line in their new dairy plant near Gjilan. KCBS provided advice regarding GMP standard requirements during the equipment installation. Abi dairy plant is working on the preparation of a new business plan including a dairy processing plant with a processing capacity of 100,000 liters/day. KCBS is assisting in identifying GMP standard requirements that have an impact on investments needed in order for them to be included in preparation of the business plan.

Fauna continues to benefit from the pest control service that KCBS helped them introduce as a needed service for HACCP certification purposes. Fauna is providing pest control service and DDD (Disinfection, Disinsectization, Disinfestation) to other sectors besides dairy, for example to F&V processors, bakeries, supermarkets and trading centers. These have resulted in contracts with a total value of €10,000. Fauna is seeking advanced training on DDD and pest control services according to EU regulations and licensing requirements. KCBS assisted Fauna in finding a potential expert who could provide this training, and has identified someone from the SIQ Company in Croatia.

Devolli Company has started implementation of ISO Standards. KCBS will be involved only on the pre-audit as an outside consultant but not on the implementation phase.

Bylmeti is in the final stages of HACCP installation. Because of the level of investments needed and the dependence on outside service providers to complete these investments Bylmeti has had to postpone the dates for a HACCP pre-audit and final audit. Bylmeti installed the new pasteurizer, which is operational at a capacity of 5,000 liters per hour. Now Bylmeti pasteurizes 9,000 liters in 70 minutes when previously 3.5 hours was needed with the old pasteurizer. This results in a savings of 75% in time and 30% in energy costs. With this example other dairy processors are able to see the practical benefit from investments done for HACCP standard implementation. In addition Bylmeti has already noticed the taste, shelf life and overall quality of their products has improved since practicing HACCP standards. Bylmeti invested €210,000 in equipment in order to comply with HACCP standards. Due in part from KCBS's intervention on HACCP standard implementation, Bylmeti will be able to increase the quantity of raw milk collected directly from 20 more farms and create ten new MCC'S.

KCBS assisted KDPA and KVFA in preparation of an MOU to finance installation of pasteurizer thermographs at up to ten processing plants in order to increase the quality control level during pasteurization of milk. Currently KDPA is working on technical needs required for installation at each interested processor. KDPA plans to complete the work in April.

Sharri Prizren dairy processor has completed the remodeling of two MCC facilities for the collection of sheep milk for the Sheep Value Chain Pilot Project. KCBS is working with Sharri Prizren on GMP installation and marketing of their sheep cheese.

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

During this quarter there was a lack of raw milk available to dairy processors, which increased competition for milk suppliers and hindered implementation of the dairy decree

pay program. However, KCBS intensified pressure on KVFA, KAMP and the dairy processors to complete the implementation of the decree by implementing the pay program component. KVFA released the results of all milk samples tested from April 1 – Dec.31, 2007 as follows:

- 6,304 raw milk samples were tested for total bacteria count and from that: 23.0% were of extra class quality, 8.9 % of grade I quality, 11.9% of grade II and 56.2% of grade III.
- 7,495 samples tested for somatic cell counts and from that; 57.3% were of extra class quality, 6.9% of grade I quality, 6.3% of grade II, and 29.4% of grade III.

Conclusions that can be drawn from these results are:

- The total number of samples is low so there needs to be a concerted effort to get all processors collecting two samples from each supplier every month.
- The health of the cows is generally better (somatic cell counts lower), but poor hygiene practiced on the farms is causing higher total bacteria counts in the milk.
- Processors and the farmers should work more on improving hygiene and milking practices.
- The system is functional; the quality of raw milk can be measured and the quality milk decree fully implemented.

KCBS assisted in organizing a meeting between dairy processors and MAFRD including the Deputy Minister regarding the milk quality decree requirements. KVFA made it clear that they expect all dairy processors to fully implement the milk quality decree beginning in March 2008. This means implementing the quality milk payment program beginning with the April payments made for milk collected in March. KCBS will continue to assist processor clients in understanding and applying the payment program.

KCBS worked with Diti, Magic Ice, Golaj, Rona dairy processors to review the milk blend price Excel program and renew contract agreements with farmers and MCCs to help them implement the new dairy decree pay program.

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

After much advice from KCBS in the design and planning for wastewater treatment, Kabi has completed gathering offers and has selected a company from Slovenia to implement a wastewater treatment facility. The license for the building and for the road near the new plant is issued. Construction and installation of the wastewater treatment facility is planned to begin in April or May when weather conditions improve. KCBS identified Golaj as a second client potentially interested in implementing proper wastewater treatment, but lack of financing is preventing Golaj from beginning.

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

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

Abi and Magic Ice held a promotional presentation for a new sour cream product from Abi and a new feta cheese product from Magic Ice at the dairy market assessment survey presentation in Pristina. KCBS will hold similar presentations next month in Peja and in Prizren. Dairy processors and local trading, retail and wholesale companies will participate. Devolli will use the dairy market assessment survey report to help determine the market potential for two new dairy products they are planning to introduce in the market.

Abi has introduced a new product to their product line, riccota, made from the whey remaining from white cheese, mozzarella and Shari cheese processing. Currently it is in the testing stage.

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

KCBS' support in establishing MCCs and emphasizing the importance of quality milk has to some extent prompted dairy processors Magic Ice, Bylmeti, Rona, and Devolli to start placing lactofreezes on individual milk producer's farms, to be used by the farmer with no charge, as long as he continues to sell milk to them. Based on linkages created by KCBS, dairy processors Golaj, Rona, Magic Ice and Aldi purchased "used" lactofreezes from KS Europa, a Norwegian NGO.

Rona, Kabi, Abi, Diti and Magic Ice participated in the presentation reviewing the Dairy Market Assessment Study results organized by Prizm Research. KCBS funded the study.

KCBS created the linkage between Diti and the RIB Company from Krushevac, Serbia for the purchase of a pasteurizer and yogurt packaging machine.

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

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

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

Low productivity of the local sheep breed is a major cause of the inferior production performance found today in Kosovo. To correct this, KCBS imported 21 purebred Lacaune sheep from Switzerland in accordance with an MOU between KCBS and the Agricultural Faculty of Pristina, where they conducted feeding and production trials with this new improved breed.

The Agricultural Faculty conducted the feeding and production trials in a scientific manner assuring credible results. It included the accurate recording of all feeds consumed, birth weights of lambs, amount of milk produced etc. The objective of the trials was to see the difference in daily weight gain of lambs and ewe milk production. Milk production from Lacaune breed was 1.6 liter per day, and weight gain for lambs was 330 gram per day; while the local breed with similar feeding had milk production of 0.8 liter per day and weight gain for lambs was 200 gram per day. Milk production thus increased 50%, and weight gain increased 60%. The lambs (both male and female) will be sold to interested farmers at public auction, by sealed bid, or by another transparent method. The Agricultural Faculty will use the proceeds from the sales to the cost of maintaining the imported sheep project for the productive life of the imported sheep. Additionally, it will not dispose of the imported sheep prematurely nor sell the lambs for slaughter; the lambs are to be sold for breeding purpose only.

KCBS together with the Pristina Agriculture Faculty organized a seminar introducing the new imported sheep breed at the Agricultural research farm. Thirty participants including farmers, MAFRD, students and a representative from the Kosovo Center for Livestock Breeding attended the training. The seminar was organized in two parts, theoretical and practical. In the first part Professor Mehmeti introduced the characteristics of the Lacaune breed and then presented the actual results of the Lacaune breed feeding trials in Kosovo. The second part was conducted at the research farm, where farmers had the chance to see the ewes, lambs and ram. Participants have shown great interest in the Lacaune breed and thanked USAID's KCBS project for the support given to the Kosovo sheep industry.

As part of the Livestock Cluster's ten organized training sessions to disseminate training brochures and power point modules that have been developed during the life of the KCBS project, KCBS Meat Specialist spoke on the "Proper Feeding of Sheep".

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

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

The Kosovo meat processing industry is small but is moving to improve the quantity, quality and diversity of its output. The output of local meat processors will quickly exceed volumes that can be consumed locally, meaning they must export to survive. This may be a positive development, because exports should stimulate Kosovo agricultural production, employment and incomes. However, the number of export markets willing to receive products that do not meet HACCP standards is shrinking rapidly and will disappear soon. In order to implement HACCP standards, KCBS has assisted slaughterhouse and meat processing companies: EU Progres, Arqe & Iko, Coral, Lesak Kom and Buquku. All companies were visited on-site, KCBS identified minor or major non-conformances regarding process layout and made recommendations to all processors for correction.

KCBS together with the short-term consultant started to implement HACCP at the Arqe&Iko meat processing company. KCBS has developed the detail document forms, which have been introduced, including cleaning procedures, complaints, customer questionnaire, raw material list, incident record and incoming goods record. The processing staff and quality

control manager have been trained in order to satisfy HACCP requirements. KCBS is monitoring the record keeping and maintenance documents.

KCBS and the short-term consultant met with the new owner, after privatization, of the EU Progress slaughtering plant in Prizren. This slaughter plant is one of two in Kosovo that has a lamb slaughtering line that was registered for export to the EU in former Yugoslavia. The layout in the plant is set up according to the EU standards but some parts have to be refurbished due to its not functioning for a long period of time. In order to implement HACCP standards EU Progress needs to hire new staff. Already the company has employed some new workers for the maintenance and refurbishment of the equipment.

### **3.3 Improved Market Linkages**

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

A grant approved by USAID will assist Sharri dairy plant in Prizren to collect sheep milk and to produce high quality sheep milk products. KCBS has planned to develop a sheep value chain pilot project in the Prizren and Dragash area with the Sharri – Prizren dairy processor as the heart of the value chain. Sharri dairy plant and Biolab signed the contract for purchase of dairy equipment: ten sheep milking machines, two lactofreezes, one vacuum machine for packing Sharri cheese (new method), and one milk pump all included in the Sheep Value Chain Improvement project. Already Sharri dairy plant has established two milk collection centers, as required by the grant agreement, and will start to collect sheep milk in April. This project starts at the farm where KCBS has selected ten larger-than-average progressive sheep farmers as the milk suppliers for the Sharri dairy plant.

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

KCBS met with the representative of Lijanoviqi lamb importer from Bosnia to explore opportunities for continued lamb export. According to Lijanoviqi, a company from Kosovo needs to give an offer for live lambs; lambs must be in the weight class from 15 to 24 kg in live weight. KCBS met with Mr. Bekim Koxha, Mr. Vesel Ostroglava and Mr. Refki Sadiku lamb traders to explain opportunities for export of lambs. Mr. Bekim Koxha expressed an interest and provided offers to Lijanoviqi. Unfortunately the Lijanoviqi did not accept the offer because the price was too high. KCBS will be in contact with Lijanoviqi and will continue to monitor prices and export opportunities.

#### ***New Activity 3.3.3: Provision of “casings” to Albania***

KCBS linked Kualiteti slaughterhouse with INCA Casings Company from Albania for the purchase of casing. The INCA casings company is interested in importing semi-processed sausage casing material from Kosovo. Kualiteti and INCA have reached an agreement for the collection of casing material. INCA would like to have Kualiteti collect only casing material in the first phase of cooperation for further processing in Albania. Later they would ask Kualiteti to collect all rumen parts and hoofs as well. The casing material price is €1.5 per piece, and a total price for all (rumen, casing material and hooves) is €10 to 12 per animal. This would provide a good profit opportunity for Kualiteti. At the same time it would be an environmentally friendly initiative because currently most of these parts are considered waste and thrown away.

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

### **4.1 Improved Productive Capacity**

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

KCBS continued to work with a group of farmers (Dukagjin, Pejë) and Graufi association to educate and assist farmers on good management practices such as: selecting forage species to be adopted in certain areas; managing pasture fertility; providing plant rest periods and grazing forage at appropriate stages; and distributing livestock evenly. KCBS is advising Graufi Association on applying new seeding techniques and on the varieties of pasture seeds to apply on more than 180 ha.

As a result of the KCBS pasture improvement trials, at least 25 farmers have begun pasture improvement programs on their private pasture land. KCBS is continuing to cooperate with MAFRD in attempting to establish at least one long-term lease arrangement of public pastureland by a private farmer as a pilot program to develop and refine a general pasture lease program.

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

KCBS and short-term seed production consultant spent two weeks during March providing technical assistance to the KODAA test plots of alfalfa seed, the MAFRD/ phytosanitary & seed production, two local seed cleaning companies – Seminarna and Xeni - and crop producers. KCBS organized training programs and field visits. The first training program was given for MAFRD phytosanitary and seed inspectors about using the best method for seed field inspection. Also KCBS assisted in their need to prepare a procedure for small seed certification especially in alfalfa seed production. The second training program was organized for farmer association members, and a seed producer company. Both groups seemed interested and better informed, but since neither has had actual experience, some additional technical training may be necessary after they have had at least one year exposure to the process. The majority of the consultancy assignment was to assess the progress and performance of the alfalfa seed production and to see the possibility of future organized alfalfa seed production. To assess the ability of those individuals and businesses, KCBS met a number of local farmers who were planning on planting small seed production fields in the coming year.

KCBS continued to work with three seed processing companies (Agroelita, Semenarna and Xeni) and new potential growers of the seed plots. KCBS will keep them apprised of the progress of the alfalfa seed.

### **4.2 Improved Quality Control**

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

Because of the difficulty of finding a suitable consultant that original scope of work, and the lack of adequate testing ability locally, this activity has been delayed until next quarter. KCBS is now planning to bring in a regional training person to train the staff at the Agriculture Institute in Peja who will be available after April 20 to do three to four days of training. A US consultant is then scheduled to do an STTA of ten working days from June 7-21, focused on the responsible use of plant protection products for farmers, dealers and government officials.

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

As part of the Livestock Cluster's ten training sessions intended to disseminate training brochures and power point modules that have been developed during the life of the KCBS project, KCBS Animal Feed Specialist spoke on "Using the best practices for crop production".

One of KCBS' objectives is to link crop producers and processors and create a production – processing chain that promotes sustained economic growth. During this quarter KCBS worked with Koni–Soni (poultry producers & feed millers), Raiffeisen Bank and three commercial crop farmers to forge an agreement to plant 500 ha of corn under contract with Koni-Soni. Raiffeisen Bank agreed to provide credit for crop inputs of up to €150,000 total for the three commercial farmers with a favorable (for the Kosovo market) interest rate of 12.5%. KCBS will provide technical support during the remainder of the project.

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

KCBS identified seed producer/processors Xeni and Agrounioni as two companies that are interested to begin to implement GlobalGap standards next year. KCBS continued to prepare the propagation material on Quality guarantees, seed /seedlings, seed treatments and sowing/planting records.

## **5.0 POULTRY SUB-CLUSTER**

### **5.1 Increased Productive Capacity**

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

The hatching at Gjini Tag has restarted after winter months' break and already Gjini Tag has received enough orders to book his hatching capacities until end of May. The general situation and the production at breeder farm are better than suggested/recommended by Hy Line International. Gjini Tag has already communicated with Babolna Agraria in Hungary and is preparing to order replacement breeders after this flock finishes the production cycle. At the request of Gjini Tag, KCBS has sought offers from Babolna Hungary for the next cycle of breeders, but this time Gjini Tag is planning to double the production capacity that will enable him to produce for Adi, KoniSoni and other large buyers. Gjini Tag found incubating equipment in Germany to add to his hatching capacity. However, the planned schedule of flock replacement will leave Gjini Tag for three to four months without production since his interest and the interest of the industry is that the breeder flock and hatching starts in February and ends in November. KCBS and SHPUK continuously follow the production and hatching, and have noted that mortality is far below industry standards; egg production is at levels as required; and the hatching percentage is also at levels required by industry standards. The only small problem is the fertility that can be easily fixed with Artificial Insemination and that is something that should be considered in future activities.

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

KCBS discussed with Jazi the importance of the feed trials. We agreed for four different locations (broilers, pullets, layers and calves) where the animals will be fed both mash and pelleted feed so that we can record the differences/benefit of using pelleted feed. KCBS will work with Jazi to do the recordkeeping and after the trials are finished, SHPUK will organize a one-day presentation for the industry where they will present all of the records. Jazi purchased ten calves for feed trials and started feeding them with rations provided by KCBS. KCBS also provided Jazi with sheets and rations for pullets and layers. The short-term poultry specialist suggested that KCBS drop feed trials at pullets and layers and instead focus on additional feed trial with broilers, which would produce the most benefits. By the end of March Jazi prepared and delivered the complete quantity of feed to Aves Prom in Zvecan. KCBS expects that by the end of April Aves Prom will start their feed trial.

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

KCBS is coordinating with CARE and SHPUK all efforts to restart broiler production. In addition a short-term consultant is assisting broiler industry to establish a slaughterhouse based on international standards, especially HACCP. Through a grant, KCBS is assisting Aves Prom procure equipment for a small slaughterhouse that will be installed in the facility that Aves Prom has started building. This slaughterhouse will enable him to double his production capacity from 10,000 birds to 20,000 a year and increase the number of employees from seven to fifteen. In addition KCBS provided equipment offers to Jazi who also expressed his interest in starting broiler production. Jazi immediately contacted the equipment producer and is discussing terms. Most importantly, KoniSoni finally have committed their future development to broiler production by starting initiating their investment plan that totals €200,000. It will enable them to produce and slaughter 500,000 broilers during the first year and will create more than 50 new jobs. KoniSoni has asked KCBS for assistance in implementing that plan. In addition short-term poultry consultant is working with Taka (broiler breeder farm) that has problems with egg fertility and conducted artificial insemination at broiler plant, and we expect that Taka will continue using this option immediately to maximize the potential of his breeder farm which will result in a higher number of day old chicks per hatch.

## **5.2 Improved Quality Control**

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

Recently KCBS and SHPUK encouraged the MAFRD to finally start implementation of their egg quality regulation. At the moment KoniSoni and Gjini Tag remain the only poultry companies that grade their eggs; however, with the start of the implementation of the regulation, Jazi and Maloku asked KCBS to assist them in locating second hand grading equipment. At the moment only approx. 25% of eggs produced in Kosovo are graded, but when Jazi and Maloku are added that will immediately increase the percentage of graded eggs to 35%.

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

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

Jazi, Maloku and Gjini Tag are using KCBS financed accounting software. Jazi expressed his high regard with the software emphasizing that now he is able to “in detail” calculate the cost of production for all his products including all price fluctuations in grain market. Previously Jazi had personally developed “software” that he used but that had very limited performance capabilities and was not at all “user friendly”. In addition, Gjini Tag is using the accounting software for his record keeping and especially for his cost of production. During March Soni, seeing the benefits of the new accounting software, has purchased and installed it for his operation. KCBS also discussed the accounting software with Adi, but at the moment Adi is very satisfied with the software that he is currently using.

## **6.0 FRUITS AND VEGETABLES CLUSTER**

### **6.1 Increased Productive Capacity**

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

KCBS and Las Pallmas nursery have taken all of the necessary actions for implementing and establishing a vegetable transplant nursery. KCBS made the final payment for the seeding line machine, and included payment for irrigation system and polystyrene trays. The truck left Italy April 4, and within four to five days will reach Las Pallmas nursery in Lipjan. Other items like tables, germinating chamber and shade structure are ready. The first vegetable transplants will be ready for distribution at the end of May.

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

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

The training on use of pneumatic orchard pruning equipment was held in February at UVB Association in Blagaje – Peja. KCBS invited members of the association, and fruit producers from Pema Association located in Kovrage – Istog, as well as other farmer members of other agriculture associations, cooperatives, officials from agriculture department in Peja and others involved in agribusinesses. A member of Fruti Association from Kravarice – Gjilan, Mr. Friz Ademi, provided details and advantages of using this type of pruning equipment, and other necessary information for participants.

KCBS planned the training session in the use of in-row cultivator for orchards, but based on the very wet soil conditions the project was not able to complete this session. However, KCBS completed coordination activities with Pema & Fruti associations, and trainings are expected to be completed in April as soon as the soil is dry enough to use of a tractor in the orchards. The sessions will demonstrate use of the in-row cultivator and cultivation practices procured by Fruti Association through a KCBS grant. The training sites will be in orchards belonging to members of Pema Association and many stakeholders of the fruit growing industry will participate.

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

Completed last quarter

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

KCBS engaged a fruit and vegetable post-harvest food processing refrigeration engineer as a short-term consultant to provide expert advice on efficiency improvements to freezing and frozen storage facilities in conjunction with improved processing flow, with a special emphasis on stationary freezing tunnels. Supporting this effort, KCBS used a local business service provider “to shadow” the consultant during his field visits. Afterwards the local short-term consultant helped facility operators determine their current product handling costs and the savings to be had by adopting the recommendations of the post-harvest food processing refrigeration engineer. The focus of the work was to design refrigeration engineering improvements in the freezing capacities and energy-efficiencies at seven existing facilities for freezing products (such as mushrooms, blueberries and raspberries) and, in some cases, to recommend changes in product-flow patterns. The final draft of work was delivered; some clients showed the requisite interest to adopt the recommendations. Agroproduct Commerce from Podujevo engaged two refrigeration companies from Gjilan to implement needed improvements and expand his operation. Planned investments will be €60,000. Amkos Company from Podujeve and Besiana Company from Ferizaj are also in a process of adopting recommendations.

## **6.2 Improved Quality Control**

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

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

KCBS assisted potato processing company, Pestova, from Vushtrri on gaining international Food Safety Standard certification known as HACCP Certification. INCEBO, an internationally accredited food safety certification agency from Skopje, performed the audit inspection. The results of this inspection were very favorable and as a result, Pestova received HACCP Certification. This success was result of hard work by the company and KCBS in implementing all aspects of food safety procedures. Starting in January 2008, when certification process was completed, Pestova staff is independently managing maintaining this standard without any further KCBS additional support. As a result of this certification, other local processing companies have expressed interest in being supported by KCBS on implementing HACCP standards in their plants.

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

The purpose of this activity is to establish a pilot program of GlobalGAP crop production for a selected group of potato farmers, an agriculture cooperative Agro – Qyshku in Peja region and the other one in Vushtrri area. KCBS engaged a short-term GlobalGAP expert from Albania to advise on the implementation process of this international production standard. Both groups have created a farmers' management team, responsible for coordinating activities with potato producers based on KCBS recommendations. Ten potato farmers are involved in this certification process, with an area of 65 ha. planted and plans for producing 2000 tons of potatoes.

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

Because many clients have expressed an interest in becoming HACCP certified, KCBS tried to arrange a study tour to food processing facilities in a country in the region that has received certification in the relatively recent past. During this tour, our clients would have the opportunity to discuss their colleagues' experiences with the changes to physical facilities, training of staff and organizational restructuring - all necessary as part of the re-engineering of their companies to become HACCP certified. In cooperation with Chamber of Commerce in Bulgaria and consulting company Food Safety Plus from Macedonia, KCBS successfully organized a trip to Bulgarian plants. Unfortunately, since Bulgarian embassy in Macedonia did not accept UNMIK travel documents it was impossible for our clients to make this visit. KCBS will continue to see if a trip to a different country can be organized.

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

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

Activity completed in first quarter

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

A training session about long-term cold storage of apples using the chambers constructed through a cost-sharing grant from KCBS was held at UVB Association in Bllagaje-Peje. A refrigeration engineer from Eling V Company from Gjilan conducted the session. The training showed the most important verifiable result: prices received after storage were much higher [85%] than harvest-time prices. This training covered the fundamentals of storing apples in a cold storage chamber. Insulated refrigerated storage chambers are now capable of keeping apples fresh longer than six months. About 25 people attended this training, five of which were women. Participants included farmer representatives from the fruit and vegetable association, cooperatives, companies offering refrigerated service, and others involved in agribusiness,

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

Converting existing cooling facilities to force-air cooling is practical and feasible for peppers, potatoes, tomatoes, apples and berries. KCBS arranged a study tour to Croatia to provide

tangible examples of cold chain facilities, especially pre-cooling facilities to KCBS clients, engaged directly or indirectly, or with a potential to be engaged, in the F&V cluster. There was special emphasis on pre-coolers, where field heat is quickly removed from freshly harvested fruits and vegetables before they are placed in chilled storage. Two refrigeration companies from Gjilan participated. The trip included visits to modern warehouses in Opuzen and Ploce with forced-air cooling systems. The goal was not only to see what they look like and how they function, but to learn the economics of their operation and the benefits to product quality and sales. The most important findings from the visit was that forced-air cooling is similar to room cooling in that produce is placed in cold-storage room. Forced-air cooling is designed to force cold air through produce containers instead of around them.

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

This Activity, a proposed grant to construct a Pre-Cooler, was deleted from the KCBS Year Four Work Plan for reasons given in the last quarterly report.

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

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

### **6.3 Improved Market Linkages**

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

***Part A: Blueberries***

To support the blueberry export, KCBS engaged a Blueberry Market Research Specialist to conduct a study of the international markets and marketing of blueberries and issue a guide for Kosovo blueberry exporters. Once the guide is produced, KCBS will use information contained in the guide to create a brochure for foreign buyers of Kosovo blueberries. The production of this brochure will be a related, but separate activity.

KCBS has received the first draft of a guide to assist Kosovo blueberry exporters that was assembled by a local business service provider.. The guide will include a detailed description of the international markets for the blueberries including primary consuming countries, volumes traded, historical prices for frozen products, price and consumption trends, channels and international quality specifications standards.. This study will be completed by the end of April. With this timing, packaging and quality measures introduced for improved handling can be put in place by exporters prior to the summer harvest season.

***Part B: Other berries***

KCBS received the report prepared by a local business service provider at KCBS' on the research into the varieties of raspberries, blackberries, red currants and black currants that not only can be successfully cultivated in Kosovo but also have positive, definable international sales opportunities. The report was translated into Albanian and Serbian. KCBS recommended the varieties that can be planted and cultivated near existing freezing facilities, two of which were constructed through KCBS cost-sharing grants. In this way, the farmers are assured that their post-harvest handling problems are already solved. Next quarter, KCBS will host a workshop of farmers at which the report will be discussed. KCBS expects clients of KAD/InterCooperation will be most engaged in these new plantings.

***Part C: Other fruits and vegetables***

KCBS identified farmers in Xerxe, Rahovec and Lipjan areas that are interested in signing MOU's with Etlinger company on planting spiral sweet peppers for export to Austria. They signed MOU's and accepted the seed for free from Etlinger to plant the surface of five hectares (out of 15 requested). Etlinger secured the other 10 hectares making a total of 15

hectare of combined pepper varieties. Some 350 tons will be harvested for preserving vegetables (80% peppers) and export to Austrian market during the 2008 season.

Additionally, KCBS facilitated the MOU signature of NERTILI trade center in Gjakova and Agro-vita cooperative from Rahovec and signing of MOU with NEDEX trade center in Peja for Agro-Qyshku cooperative. The cooperatives agreed to supply fruits and vegetables to NERTILI and NEDEX for year 2008. Agro-vita & Agro-Qyshku will deliver fresh vegetables and grapes according to the agreement for price, delivery schedule, product freshness, grading and packaging. These are the first MOU's signed by two trade centers and cooperatives as a seasonal substitution of vegetable supplies from "green" market for the specific vegetable varieties. Both Agro-vita and Agro-Qyshk began preparations for labeling and packaging of their products for the upcoming vegetable season.

KCBS hosted and facilitated meetings in Krusha and Fortese village of Rahovec Municipality for the three biggest vegetable processors in Kosovo and USAID Albania's EDEM project representative from Albania. The Albanian processors presented their interest and conditions for importing the pepper variety (kurtoska) from Rahoveci region. Interested parties agreed about quality and classification, packaging, transport, customs issues and contract with terms of payment. The farmers agreed to fulfill all these requests in cooperation with PERDRINI and PROMO associations. The amount is 200-300 tons or 10-15 big trucks. The imported pepper from Republic of Kosovo after the processing in Albania will be re-exported to EU countries.

***Other activities to improve market linkages.***

About four special cost-sharing grants for minority areas are in-process that will expand and strengthen the value chain for products collected from the wild, such as mushrooms, blueberries, juniper berries, and rose hips, and which will be very useful for an expected increase in cultivation of raspberries. Progress on these grants will be reported through the coming quarters.

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

***Activity 6.4.1: Help farmers get loans and/or leases***

The goal of this activity was to have five loans completed each Quarter. However, after only two quarters, KCBS has facilitated 20 approved loans totaling €51,000. KCBS established this pilot program in the Rahovec area to provide assistance directly to farmers in obtaining loans or leases. The project also anticipates increasing public awareness of the lending programs in the municipalities of Gjakova and Rahovec. As a result of further cooperation between the KCBS Specialist and MFI/Bank agro loan officers in those municipalities, newly hired loan officers are using the KCBS farmer's network to reach more clients and to advertise their work.

## **7.0 CONSTRUCTION MATERIALS CLUSTER**

### **7.0a Wood processing**

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

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

Despite several attempts to assist Tefik Canga the company has not responded. In project [Year Three] Tefik Canga asked KCBS to help in modifying their production line and processes, reactivating the kilns and training the operators and marketing. In view of their lack of cooperation, KCBS dropped this activity and switched assistance to other manufacturers – see new Activity 7a.1.4 below.

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

Upon Mobileria Kosovos' interest in purchasing a frame saw machine, KCBS worked in establishing contact with suppliers, defining machine components, preparing a specification for this piece of equipment and financing. Two Asian suppliers sent quotations. These were delivered to Mobileria. KCBS organized a meeting with three banks operating in Kosovo, and with Crimson Capital, to discuss possibilities for financing/leasing.

Mobileria Kosova received an order for 300 children's beech beds for export through an intermediary. KCBS engaged in providing advice on the product quality and developing a costing methodology.. Following detailed observations, KCBS identified the sanding operation as a bottleneck and advised Mobileria to install a couple of one headed sanders in order to speed up the process; Mobileria added only one sander. In costing, KCBS developed the methodology to determine loss at each workstation, demonstrated the approach at several work stations along with advising how the process should be properly recorded. Mobileria followed and implemented the methodology developed for this product. KCBS on several occasions addressed the source of quality issues, pointing out different humidity levels within the facility, inappropriate storage and delay in packaging components subsequent to their finish.

KCBS addressed Mobilerias' problem with high maxigraph readings with KEK. Following a KCBS intervention the problem was resolved and situation was restored to normal with power supply.

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

Ukaj has not started production of EWF in earnest. His chair manufacturing is going at high volume, and he has delayed purchase of the finishing line without which he will not resume volume production of EWF. However, KCBS met with Ukaj about a modification of a frame saw to make it more versatile for producing elements other than those required for EWF. KCBS conducted a full cost analysis of the current process directly involving the frame saw and projected the savings attainable once the frame saw is modified. KCBS initiated contact with Austrian company Wintersteiger to discuss modification of the frame saw, obtained quotations, and proceeded as planned with Ukaj in terms of payment, delivery and mounting. This activity will be completed by the end of April.

Like many wood processors, Ukaj is continually facing problems with supply and quality of kiln dried lumber. Therefore it is planning to construct its own dry kiln in the future in order to resolve this problem. KCBS provided Ukaj contacts of companies that manufacture dry kilns and discussed the dry kiln model and requirements that would suit Ukaj for his purpose. KCBS also contacted a dry kiln manufacturer and obtained a quotation to forward to Ukaj.

##### ***New Activity 7a.1.4: Work with other manufacturers***

KCBS worked with Deva, in Gjakova, a small wood processor with six employees making children's beds for export to Germany. Following detailed cost calculations it was evident that Deva was not profitably producing the product. KCBS met with intermediate "middle man" buying the beds and facilitated a 10%.increase in the purchasing price. Furthermore, KCBS assisted Deva to rearrange the existing production line and to embark on additional

investments resulting in a purchase of a multi-rip saw that will speed up production process and reduce operational costs. KCBS also assisted Deva in preparing an application for a grant from IOM/FAIR project to support Deva's interest in erecting a dry kiln facility. KCBS assisted Deva in preparing a dry kiln specification to meet their needs, investment plan and cash flow. Later, IOM awarded Deva with a grant in amount of €12,000 for dry kiln construction. Deva is in process of constructing the dry kiln as per KCBS instructions.

KCBS organized a joint visit with Deva to Mobileria Kosova, Tefik Canga and Dili's sawmill to negotiate the possibility of supplying kiln dried lumber to Deva. All three companies have dry kilns in place and there is a potential in creating a long term linkage between them. KCBS facilitated the discussion on logistical issues, pricing and payment terms. Deva committed to respond as soon as some pending issues are resolved with the buyer of beds. KCBS facilitated a deal negotiation between Deva and a lumber supplier in Vitia for the supply of 70mm thickness lumber to Deva for the production of beech beds intended for the export market.

KCBS assisted company "Vellezerit Rama" in the preparation of a grant application and business plan to be submitted to the IOM/FAIR project. KCBS attempted to link "Vellezerit Rama" and intermediate "middle man" for the production and exportation of children beds.

KCBS met with "Vellezerit Hyseni" a producer of kitchen cabinets, doors and bars for restaurants. The company is interested in expanding their range of products and to complement its production line with equipment. They requested assistance from KCBS in the identification of suppliers and equipment, and this is work in progress.

KCBS conducted visits in areas of Zubin Potok and Leposavic meeting with sawmills owners, wood processors and forestry management units to inquire about pricing logs and elements, and seeking ways to establish cooperation within the wood processing industry as a whole.

KCBS assisted Agroprodukt in compiling a list of equipment needed to expand their production range and increase production capacity. KCBS also established contacts with wood processing second hand equipment dealers in the region in obtaining quotations for identified equipment.

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

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

KCBS continued to promote EWF abroad. KCBS established contact with the US company Grent LLC, informed Korenica of this opportunity and requested that they prepare a batch of samples, which were later delivered to the United States..

KCBS advised Korenica to place an advertisement for EWF on an Internet wood portal. As a result, a company from Germany sent their representative to visit Korenica. The visitor was accompanied by GTZ wood processing consultant engaged in promotion of Kosovo wood products in EU market.

KCBS initiated and met Galanteria in several occasions' in reference to removal of custom duties for MDF and particleboard; this issue is still under consideration pending the receipt of requested input info from Galanteria.

KCBS met with NGO "Women for Women" on a number of occasions to discuss the carpentry training project. We devised a curriculum and prepared the necessary material for the successful completion of the training. KCBS anticipates that 37 women will participate in the training. KCBS also discussed with wood processors the idea of providing internships/full employment to these women. It is expected that at least three companies will take some of the women for further in-plant training. This activity will last six weeks; and will commence first week of April.

## **7.0b Forest Certification**

### **General:**

KCBS continued to meet regularly with the Kosovo Forest Agency head quarters in Pristina and the management of KFA offices in Ferizaj, Peja, Leposaviq including their Municipal Units Kaqanik and Deqani. By continually providing technical assistance, KCBS is supporting the KFA to improve forest management and eliminate inconsistencies noticed in the KCBS short-term consultant's report, "Evaluation of Forest Management in Kosovo Publicly Owned Forests". The objective of this support is to ensure the sustainable use of forest resources compatible with national and international legal provisions; and to apply Forest Stewardship Council requirements, thus enabling the application and certification of forest management practices in the above mentioned management units. KCBS particularly focused on assisting management in the KFA offices to ensure their commitment and readiness to reduce and prevent the illegal woodcutting and other illegal activities. KCBS raised awareness of government institutions, KFOR, police, courts, NGOs and local communities about the need of having a joint action to combat illegal logging in order to ensure sustainable use of forest resources and to fulfill the FSC criteria for forest management certification.

KCBS initiated a proposal for improving the condition of low coppice forests through pre-commercial thinning which would create conditions for employment, firewood supply for householders and reduced illegal woodcutting. KCBS provided technical support to KFA offices in organizing and implementing this initiative and to begin with the silviculture treatment of approximately 147,000 ha. of low forest in public ownership which are in great need of thinning and cleaning.

### **Activity 7b.1.1: Providing technical assistance to the KFA and field visits:**

Through regular meetings with the KFA Central Management and KFA offices in Peja, Ferizaj and Leposaviq, the objective of KCBS was to provide technical assistance to improve planning, development, and the implementation of forest management operations consistent with FSC standards in order to ensure ecological, social, and economical sustainability.

KCBS has assisted the KFA in implementing the initiative to begin with the silvicultural treatment of approximately 147,000 ha of low forest in public ownership which are in great need of thinning and cleaning. By implementing this activity, some of the inconsistencies noticed in the KCBS short-term consultant's report would be eliminated. It would also help to reduce illegal logging; supply the rural communities with firewood and create new job opportunities. In addition to support in meeting the FSC requirements, KCBS has continuously provided assistance to the project team of "SFMP with GIS" phase II in reviewing the long term management plans for Management unit "Ahishte "Kaqanik (2 717,00 ha) and "Pyjet e Deqani dhe Llocanit"- Deqan (2,933.80 ha). These plans have already been submitted to the KFA and will facilitate a better planning by the KFA management. KCBS has also provided technical assistance to "SFMP with GIS" phase II to monitor the preparatory activities for the start of field measurements on the third management unit "Jezerc" Ferizaj which covers approximately 6,750 ha.

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

KCBS continued to contact all relevant stakeholders from the government and non-government organizations in order to promote and lobby for Forest Management certification, as well as, the importance of setting up a National Working Group and developing national FSC standards. Other institutions, NGOs and local community representatives pushed the subject at the field level. These individuals have already been trained on forest certification, internal auditing and development of FSC national standards. In order to go ahead with the establishment of the NWG, it is of paramount importance for MAFRD-KFA to improve planning and development of forest management operations with an aim of reaching FSC standards for sustainable forest management.

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

KCBS has continued to closely monitor the activities carried out by the project "SFMP with GIS phase II" which is being funded by the Norwegian Government. Development of Forest Management plans is the first step towards forest certification. On January 24, and March 05, the "SFMP with GIS" phase II submitted the final management plans for Management units "Ahishte" Kaqanik with total forest area on 2,717 ha. and Pyjete e Deqanit dhe Llocanit" with 2,933 ha., thus fulfilling the FSC Principle 8 and providing better planning and improvement of forest management. Preparatory activities are being carried out in the forest Management Unit in Ferizaj "Jezerci" which covers 6,750 ha.

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

KCBS continued to promote the results of the forest industry challenges study, development and balanced use among different government stakeholders with the aim of improving conditions for sustainable forest management. A study was prepared by Riinvest Institute and financially supported by USAID.

As a result of the continuous lobbying,

- MAFRD has included in their annual plan the forest certification in above mentioned management units.
- MAFRD has allocated a budget of €158,000 for developing long term forest management plans.
- KFA has started the implementation of the KCBS initiative for cleaning and thinning of young stands.
- "SFMP with GIS" phase II project has submitted a request to the Norwegian Foreign Ministry to fund the phase III of the project at the amount of €850,000.

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

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

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

KCBS worked with existing clients in order to identify a detailed assessment for improvements at their plants and the implementation plans were developed. Based on KCBS recommendations the BAS TAM project awarded a grant, 50% of total amount, to Renelual Tahiri for preparation of the company according to ISO standards. The certification process will be completed by the end of next quarter. KCBS recommended to the BAS TAM the asphalt producers that should be prepared for ISO certification, but the BAS TAM is out of budget for supporting ISO implementation.

The clay producer “Tulltorja” from Prizren invested over €275,000 on existing plant in order to implement the action plan developed by KCBS’ short-term consultant. The result was tremendous as the monthly production achieved its peak since factory operations restarted after privatization with 41,000 pieces daily. The company is delighted with outcome and their focus is to remain with this level of production while the management changes and maintenance plan are introduced. The company is developing its business plan in order to obtain equity finance from EBRD; BAS TAM will contribute €3,000 to cover 50% of the cost for preparing the business plan.

Following the trip to Switzerland, local companies have established contacts with AMMANN (asphalt and concrete plant manufacturer). Four local companies (Renelual Tahiri, Integral, Tali and Eurokos) visited the AMMANN Company and learned about the production process.

After KCBS intermediation, KEK finally agreed to complete their obligation under the bilateral agreement signed two years ago between KEK and representatives of Gjilani industrial park. KCBS met with business representatives and obtained their commitment to pay outstanding debts to KEK, and prior to the new supply line being energized, to pay three months of billings in advance in order to become A+ costumers.

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

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

The Working Group on Heavy Fuel Oil held five meetings this quarter and each member presented their views and proposals to be incorporated in the draft proposal of a new law. The WG has agreed on the framework content and will be writing the draft proposal in accordance with regulations in the region and EU regulations. KCBS is assisting the WG in drafting a flexible law that will satisfy all parties and will be completed by middle of the third quarter with the target for review by other organizations early in the fourth quarter.

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

RCAK completed the road construction handbook, and submitted it to SigKos (Insurance Company), the general sponsor and will cover all the expenses for its publication. The sponsor postponed the publication until next quarter while they layout the handbook according to their requirements.

KCBS assisted the KACP and RCAK with preparing the training programs that will take place in the next two quarters. KCBS has arranged for two trainings to be covered by KOSVET (EAR Project): a) KACP - training for concrete plant operators and b) RCAK – training in site construction management.

Next quarter KACP, with KCBS support, is organizing a two-day training on the introduction of the EN standards and Eurocode to the concrete industry. Participants will pay a fee of between €20 to €30 depending on the size of the company.

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

KCBS and RCAF made a three-day trip to Albania in order to obtain information regarding the type of technical package the government uses in tendering for road construction. As a result, they are now aware that the Albanian government has more comprehensive technical packages than Kosovo. A detailed technical package complete with design and technical specifications such as AASHTO and ASTM standards is included in the tender dossier. Third party implements the inspection and QA/QC. KCBS and RCAF obtained a copy of a technical package and showed it as a sample to local companies and government officials in order to improve Kosovo procurement practices and to demonstrate the importance of the design and technical specification. The representatives of the Albania government visited Kosovo and RCAF arranged for them to meet with Minister of Ministry of Transport, Posts and Telecommunications (MTPT) and local companies. The MTPT officials consider this year's construction season as a transition phase, as there were no designs prepared by the former ministry. However, MTPT awarded several tenders for design this year, and Ministry is determined that the situation regarding technical packages has to improve next year.

RCAF hired a local expert to examine the procurement law and make suggestions for improvements. The examination was completed, and reviewed by RCAF and its members. Next quarter, RCAF is planning to publicize the findings and recommendations to the public with the aim to improve procurement practices.

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

KCBS/USAID has already donated numerous EU standards related to construction to the Kosovo Standardization Agency (KSA). Again, KCBS outlined to the KSA that future cooperation is linked with implementation of the already adopted standards. The KSA is cooperating with ASA (Albanian Standardization Agency) on language technical proofreading and editing of the 17 EN standards on concrete, translated by KCBS subcontractor.

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

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

KCBS continued its assistance to three manufacturers of polystyrene insulation board "Styrofoam" - Fetoshi, Euro Fat and Kosova Plast. The subcontractor "A-Design" completed the CD/DVD and technical brochure and was promoted to stakeholders. The subcontractor "A-Design" organized the workshop and there were 42 attendees representing, construction companies, design companies, producers, government representatives, professors, and architects. KCBS handed over the brochure and CD to attendees and explained to them that this is the first step to promote the insulation cluster. In addition, it is up to the industry itself to edit and update the publicity material with additional technical information in the future such as: producers, architects, construction companies, and other experts.

## **7c.4 Strengthened Capacity to Access Credit**

In this quarter PRO Credit approved the Letter of Credit for Bejta Commerce in amount of €2,0 million for the company to purchase quarry machinery and an asphalt plant.

### **Other Activities**

After several revisions, ICMM President of the Board and the Minister of Agriculture signed the MOU governing quarried material royalties. The only signature now required is that of the Minister of Finance.

KCBS met with the new Minister at the Ministry of Trade and Industry in order to inform him on KCBS activities in the past three years. The major issues discussed were licensing procedures, Heavy Fuel Oil, EN standards, investment promotion, and SME support.

## **8.0 MARKETING AND TRADE LINKAGES**

### **8.1 Expand Linkages**

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

In light of the recent development of the situation regarding Kosovo declaration of the Independence and Serbian Government reaction on this declaration, KCBS decided to postpone activities related to the promotional business linkage trip to Serbia and instead concentrate efforts towards the Macedonian market.

Instead of organizing a stakeholder meeting before the trip for which each client will be invited as a potential exporter, MTL and designated cluster specialist visited and interviewed each client and potential exporter individually. Research was also conducted based on export product inventory list with clients from different clusters.

During these interviews KCBS identified the following producers and products to work with: Devoli - UHT milk; Abi - Sharri cheese; Magic Ice – cheese and ice-cream; Koni Soni and Adi – eggs.

Keeping in mind the small number of products and producers, KCBS's suggestion is to concentrate efforts in searching for distributors in the Macedonian market by using existing partner networks and already planned events (M&L conference, AKA trade fair and B2B, Novi Sad trade fair) and to work with each clients' individually and continuously with several one-day trips to identified contacts in Macedonia. Therefore KCBS will not be conducting a linkage trip on the scale of the Albania/Montenegro trip last year.

In order to find partners for promotion of above mentioned products KCBS visited Macedonia and contacted USAID AgBiz program, Agroberza and Economic Chamber of North-West Macedonia. They will provide a list of potential partners, importers, distributors and traders who can have interest for such products.

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

Although this event will take place in the third quarter, much work has been done this quarter in preparation of the event. KCBS selected the theme "Increasing Competitiveness in the new Republic of Kosovo". KCBS finalized initial preparations for the April 23 conference, agenda topics, fact sheet and scenesetter, and invitee list. Speakers for conference were confirmed from Albania and Slovenia: CEFTA (Free Trade Agreement), Transport and Logistics and four local presentations on: Quality and Safety Standards, Cost Production & Pricing Strategies, Effective Sales, Successful trade shows and B2B's.

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

Based on encouraging findings from the Marketing Linkages trip to Albania and vast opportunities for cooperation among Albanian and Kosovar businesses, KCBS proposed the idea to USAID Albania's EDEM project to organize a Business to Business (B2B) conference in order to provide a platform for direct and efficient contacts between respective clients. KCBS presented this idea to the AKA executive director with a suggestion to combine organization of the B2B with AKA organization of the trade fair. AKA Executive Director considered this a good idea, which could significantly increase interest for the fair and traffic for the event. Working with KCBS he also expressed interest to expand invitations to participants beyond Albania, and to invite companies from Macedonia, Montenegro and even from Bosnia and Herzegovina. The Trade Fair is planned for June 2008 and B2B will be organized on the second day of the Fair.

The targeted sectors include: fruit and vegetables producers and processors, medicinal herbs, olive oil, dairy and processed meat, regional wholesalers, transporters and packaging producers. In preparation for the AKA Trade Fair and B2B, KCBS and AKA visited partners from Macedonia (USAID AgBiz Project, Agroberza and Economic Chamber of North-West Macedonia). Similar visits are planned for Montenegro and Albania.

### ***Activity 8.1.4: Conduct Special Marketing & Linkage Activities***

Since MTL was designed primarily as an internal support center for the KCBS project, all of its initiatives are either directly or indirectly linked to one of the Clusters. Therefore, some of the MTL activities provide additional marketing/linkage-related assistance for the Cluster Specialists whereas many of the other aforementioned items are larger projects lead by MTL for the direct benefit of our clients or associations. MTL team has provided much assistance to the F&V Cluster in the past quarter in extending market linkages. Details of these activities may be found under Activity 6.3.1 Part C above.

In an attempt to transfer more marketing knowledge throughout the local staff, the MTL team provided bi-weekly in-house training to all Cluster Specialists. This series involved the presentation of basic marketing principles, concepts and activities they could impart upon their clients when the MTL team was not involved with any specific activity. Active discussions always followed where the staff debated and brainstormed on current barriers and challenges faced by their specific sectors. After six sessions the trainings were discontinued since the key learning's were already received and the Specialists felt like some of the information was becoming too general (or not applicable to their clients).

## **8.2 Provide Marketing Assistance**

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

MTL and the Livestock cluster worked diligently with Prism Research to complete a 115 page Dairy Market Assessment Study, whose key sections and all graphs were also translated into Albanian. A 50 slide presentation was prepared and was delivered to over 20 stakeholders in Pristina. Presentations in and Prizren and Peja will be made next quarter. CD's were distributed at these presentations to processors, government officials, retailers and anyone else who might benefit from this research. Reports are downloadable from the KCBS website, under Publications.

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

KCBS made notable progress with the Marketing Internship Program in the areas of recruiting the students and preparing job descriptions with each of the 10 companies participating in the activity. Working through the Steering Committee, applications and promotional presentations were prepared for UBT and AUK. Over 50 students attended the orientation sessions at each school (combined) and their applications will be early next quarter. Meanwhile KCBS has interviewed some of the businesses and prepared a detailed SOW that the students will be expected to work on during their three month internship. The next challenging phase will be to finish company interviews, qualify a sub-set of students for the program, have them rank-order the top businesses they would like to work for and then submit their CV's to the businesses to arrange for interviews. Final matching will take place by end of May and the program will officially launch beginning of June 2008.

## **8.3 Promote New Products**

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

There remains some interest in producing a cream cheese type product by several dairy processors including Bylmeti, but at this point none serious enough to be willing to make and promote the product as KCBS would advise. Unless that serious interest emerges in a request for assistance next quarter, KCBS will not pursue this activity.

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

#### ***Packaging Design Competition:***

Based on the interest and lessons learned from the Packaging Design Workshop organized by KCBS in November 2007 and the very obvious need for continual improvement of packaging and label design for many Kosovo-made products, MTL proposed a follow-on activity related to KCBS clients and design agencies. As with many other marketing related

areas, the real challenge is to get companies interested to do something that is needed for their business that they don't necessarily want to do?

The newly conceived and approved Packaging Design Competition involves organizing a sustainable, incentive-based competition where the final outcome will be to encourage new packaging designs for locally produced products that could be adapted by the participating businesses and introduced into their regular production lines. In this way, KCBS would achieve three goals: assist businesses in introducing new packaging designs, improve the quality and competitiveness among local design companies and increase linkages between professional designers and manufactures/producers.

For this year's competition, eight of the leading marketing/design agencies have signed MOU's to participate in the activity (Zero Positive, Ogilvy, Molos Group, ArsAlbanica, Trenbelat, Init, Rrota, IDEAGraphics). Five businesses, Agro Product Commerce (frozen mushrooms), Magic Ice (feta cheese), Killkoti (water), DTS (Turkish delight), Pajtimi (juice) have signed MOU's to participate in the event. Two of these are KCBS clients, one is a minority owned manufacturer and the other two were recruited through the assistance of MDA. Finally, five international packaging design experts have committed to serve on the judging panel (one volunteering to come out pro bono and provide consultations after the competition). Their participation and support has greatly enhanced the attractiveness of the event for both designers and companies.

Through the exclusive media partnership with USAID-supported RTV21, it has been agreed that the Award Ceremony will be filmed and at a later date re-broadcast with additional footage telling the entire story of the Design Competition. Prior to the event, the station will produce multiple talk show interviews of all participants including event organizers KCBS and MDA, five businesses and eight design companies. These will encourage more people to watch the final episode with the Award Ceremony to see who has won.

#### ***Product Presentations:***

MTL in cooperation with dairy cluster held on March 26, a Prism Research and ABI/Magic Ice presentation and facilitated two new dairy product promotions. This was the first of three planned for this season. Representatives of Ministry of Agriculture, dairy processors, KVFA, KDPA, EBRD BAS, W f W-Kosova, package containers representative, retailers, and ETC dairy category managers attended the presentation. Abi's new product (Schmand-sour cream) presentation was prepared professionally and well accepted with free samples and packaging sizes on display. Magic Ice introduced a new Feta cheese and will improve their presentation to be more focused on the new product rather than company history. The dairy research and two new product presentations will be held in Prizren and Peja, two Kosovo towns in April.

Two other sets of presentations will take place in the next quarter. KCBS will organize a new product presentation at the beginning of May for Kosovoplast, a recently privatized SOE manufacturing styrofoam products including insulation and packaging materials. The other new product presentation will be organized for Las Palmas nursery seedlings at the end of May or beginning of June.

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

MTL facilitated the visit of Grent LLC to the porphyry decorative stone site in Vitia Municipality to check about access on site and other landowner issues. Grent-LLC representative was satisfied with the location and access. Grent LLC now has to continue with KTA and ICMM (Independent Commission of Mine and Minerals) on privatization of site and apply for exploitation permission if they decide to enter in this business or not.

## 9.0 GENERAL BUSINESS SERVICES

### 9.1 Improve Policy Dialog

#### ***EAR funded workshop on the Development of a Private Sector Strategy for Kosovo:***

Early this quarter KCBS attended a two-day workshop on the Development of a Private Sector Strategy for Kosovo, funded by EAR and implemented by ACE. During the second day of the workshop KCBS Chief of Party held a presentation on import substitution which drew particular attention from the attendees. The workshop covered a wide range of development areas such as institutional development, legal environment, foreign and domestic investment, access to finance, SME support and domestic and foreign trade. Following the workshop, KCBS attended the final presentation on the draft document of the medium term strategy for private sector development. The main pillars of this strategy included investment and trade and SME development. Complementary pillars were skills development programs, including vocational training and entrepreneurship education, and taxation and legal environment.

***AKB/TAK roundtable:*** In January KCBS attended a roundtable hosted jointly by AKB and the Tax Administration of Kosovo on the role of tax administration and business community in the practical implementation of fiscal policies. Lutfi Sharku, Minister of Trade and Industry expressed the readiness of his institution to work closely with the business community for the purpose of improving business environment in Kosovo and removing the barriers to doing business. Agim Shahini from AKB re-emphasized the demands of the business community for lowering the corporate tax, income tax and reconsidering the VAT rate. AKB's requests were also supported by OEK.

***Coordinating with KOSVET 4:*** At the request of the EAR's KOSVET 4 Project, KCBS met with the Team Leader and Deputy Team Leader of the Project. They were interested to learn about the KCBS training programs, the way we assist our clients, as well as KCBS grant award procedures. We have facilitated contacts for KOSVET 4 with some of KCBS supported industry associations, as this project is considering tailoring the assistance (mainly trainings) to businesses through business associations. In the meantime KOSVET 4 contacted all of our industry associations which have agreed to facilitate KOSVET 4 training programs for their respective industry members.

### 9.2 Improved Responsiveness of Business Associations

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

***General:*** This quarter all business associations (with the exception of BCC) have been busy carrying out their quarterly activities as per their respective grant agreements with KCBS. This quarter most of them have successfully completed the last quarter activities, submitted their fourth quarterly reports and terminated their grant agreements (e.g. AWP, AKA, SHPUK and KAMP). This group of associations has already worked on new grant applications and submitted their new proposals to KCBS for the remainder of 2008. The current grant agreements for RCAF, KACP and KDPA will conclude during May and July. Following the completion of these grants, assistance will be provided to these associations, as remaining time permits.

***AKA:*** AKA staff and hired specialist provided information on quality standards (ISO and HACCP) to 30 agribusiness companies. AKB distributed to agribusinesses the information material on standards and the guide on quality standards prepared by the hired specialist. The training and the guide were used as a fee-for-service program that generated revenue for the association. AKA and AKB met with representatives of MTI, Investment Promotion Agency of Kosovo and EAR MSTQ Project to discuss the development plans for processing industries in Kosovo. MTI engaged AKA and AKB on developing a communication structure, especially for food industry standards. AKA staff updated the database program in Access including the member's data on investment, production and sales. AKA staff and hired

specialist visited the main input dealer companies in Kosovo and prepared a plan for testing agricultural inputs for 2008. Detailed plan included the kind of inputs to be tested, price and testing opportunities in Kosovo and Macedonia. AKA have planned to hold their Agricultural Exhibition on 12-14 June 2008. AKA staff visited companies in Kosovo and signed the contract for exhibition at agricultural fair. AKA plan is to invite more than 70 local and around 30 international companies to exhibit at the fair.

**AKB:** AKB signed a MOU with Balkan Development Agency from Austria (BADEA) on improvement of production capacities and promotion of export opportunities for local fruit and vegetable producers. BADEA will support Kosovo farmers with agricultural equipment and working capital in order to increase their production capacities and create conditions for exporting Kosovo products to Austrian market. AKB and BADEA agreed to work together to prepare and implement projects dealing with economic development, and to exchange information and experts in the field of agriculture production and quality standards. AKA will be the main partner of AKB to implement these objectives.

**AWPK:** AWPK wrapped up the activities from the grant awarded by KCBS last year. The AWPK contractor DCE finalized the feasibility study and presented it to AWPK Board. The study, sponsored by KCBS, covers the period 2008-2010 and served as a good basis for AWPK plan of activities for 2008. At the regular board meeting in January, the AWPK board discussed and approved the new business plan prepared by DCE, approved the calendar of activities for 2008, authorized auditing expenses for 2006 and 2007 and discussed new membership policies. The board agreed to postpone the entry into force of the new membership policies. They consider that the association should first be able to properly offer differentiated services to different membership categories and then charge differentiated fees. At the same board meeting it was decided to hold the next trade fair from May 7-10, 2008. The board established a working committee composed of three board members and the executive director and assigned it to work on the wood fair project immediately.

On February 29 the Investment Promotion Agency of Kosovo (IPAK) together with AWPK, EAR Investment Promotion Project and the EAR Metrology Standardization Testing Quality Project held a workshop entitled "Gaining Market Access and Increasing Sales for Kosovo Wood Processing Products". In addition to other industry experts, the AWPK executive delivered a presentation on the contribution of the association to the wood processing industry and their work plans for 2008-2010. This was a good opportunity for the association to present the programs and activities projected under the AWPK business plan for 2008-2010, funded by KCBS. Following the presentation, AWPK received positive feedback from the participants.

Parallel to terminating the last grant activities, AWPK started preparing a new grant proposal for the remaining period of 2008. The main component of the new grant is support to AWPK fair "Natyra 2008". The new grant proposal is pending USAID's approval. In the light of SAF limitations the proposed budget was reduced to €6,500. However, with regard to the wood fair there were two new issues. One concerned OEK pressure on AWPK to host the wood fair as a joint activity; AWPK confirmed to us on a number of occasions their intention to host the fair in May, as the sole manager of the event, pursuant to its board decision. After some heated discussions, each organization opted to organize its own separate activity/fair. The second unsolved issue is the availability of the fair hall, which to date remains occupied by tons of post-election material. MAFRD has been unable to provide a formal answer to AWPK on the availability of the place against promises made to KCBS to deal with the issue in a timely fashion. Apparently this is an issue of MAFRD lacking powers to solve this problem. AWPK is trying to set a meeting with the Kosovo's Prime Minister and raise the issue at a higher level. The unsolved issue of the hall may put at risk the program. KCBS advised the association to look for an alternative facility.

Meanwhile AWPK has selected Expix, a local business service provider, to provide management and marketing services for the wood fair pursuant to an open tendering procedure. The winning bidder was selected out of four competing BSPs on the grounds of

the lowest offered price. The bid evaluation committee authorized the ED to negotiate and sign the contract with the winning bidder.

**BCC:** Met with Luan Dalipi, Acting President of BCC and Astrit Hyseni, BCC board member and discussed some procedural issues regarding close out the KCBS grant to BCC. We advised the association to pay outstanding debts as soon as possible (such as rent and energy bills) and cut off further expenses. We also exchanged ideas with both BCC members on what went wrong with BCC. They emphasized the potential of the consulting profession as the demand for consulting services is growing. We agreed that the association will be revitalized by the industry members, once the market grows and companies see an interest in the association, with donors mainly facilitating, but not subsidizing the consultancy services.

**KACP:** On Feb.5 KACP hosted its General Assembly Meeting [GAM] for 2008. More than 30 industry members and other stakeholders participated in the meeting, including concrete companies, OEK, RČAK, government officials (from the Standardization Agency and Mining Commission) and Faculty of Construction and Architecture. The agenda of the meeting included a presentation on the association activities and achievements since its founding meeting in November 2006. KACP financial statements were also presented to the GAM and approved by the assembly. The president of KACP board gave a presentation on KACP planned activities for 2008 (such as the KACP database, website, concrete seminar II, promotional events on the use of EN standards by the industry) and invited the membership to give its opinion on KACP priorities for 2008. The membership is satisfied with the achievements and progress made by the association in a short period of time. However, they required a more active association in terms of advocating to the government in favor of industry interests, addressing unfair competition in the market, lack of inspection mechanisms for concrete plants and products, and abuse with quality standards. These remain the main concerns of the industry. The representatives of Faculty of Construction and Architecture thanked the association for the good working relationship they have established and emphasized their readiness to further partner with the association on different activities during 2008, in particular in holding the second summer seminar "Concrete in Construction".

This quarter KACP executive has been busy working simultaneously on several grant activities such the KACP website, KACP database and preparation of a two day training program on EN standards for the concrete industry. In February, KACP selected two subcontractors and accordingly signed service agreements; one with Maestro Production for the preparation of the website; and a second one with Cactus for the preparation of the KACP database. The schedule for the preparation of both the website and database is 30 working days from the day the agreements were signed and the deliverables should be ready by mid-April. In terms of these two projects KCBS has assisted KACP in organizing the tendering procedures, drafting the service agreements and finalizing the draft questionnaire necessary for the purpose of data collection for the website and database. KACP will host the two-day training program on EN standards in concrete industry in partnership with the Association of Structural Engineers of Kosovo. This activity is tentatively scheduled for the second part of April. The event will be funded under the current grant with KCBS. KCBS advised the association to charge a differentiated schedule of fees for members and non-members.

KCBS has met with KACP ED and Head of the Board on a number of occasions to discuss issues related to internal organization and management of the association. KCBS agreed that internal policies and regulations are extremely important to avoid issues of mismanagement and enable the association operate more efficiently; KACP should have in place as soon as possible a manual of financial and operational procedures, including rules of business ethics. KACP ED prepared a draft of the association manual of policies and regulations and distributed it to board members for review and comments. Communication channels between the ED and Board have improved. The ED is delivering weekly written reports to the board on the activities performed during the week. KACP ED informed that they have recruited a new member company and the total number of KACP members reached 15.

**KAMP:** KAMP staff and hired specialist provided trainings on reproduction to more than 30 dairy farms providing information to farmers on identification of reproduction problems, how to order proper drugs, and treat milking cows with hormones. The improvements are evident as more than 70% of impregnated cows did conceive. In conjunction with KDPA, the training on reproduction was held also at dairy farms in Korenica–Gjakove. In coordination with dairy processing plant VITA, and some other dairy processing plants, association staff provided training on milk quality and hygiene to milk producers that supply fluid milk to these dairy plants. KAMP worked with VITA to organize the ceremony to announce the farmer that supplies the best quality milk to this company. Association staff worked with milk producers on monitoring and advising farmers on record-keeping, and importance and benefits of data recording. KAMP held training on different issues including understanding of some financial issues such as gross margins, cost of production, calculation of feed rations, milk production cost, etc. KAMP organized a three-day visit of more than 20 small dairy farmers from Mitrovica municipality to modern dairy farms in Prizren, Malisheva and Gjilan, providing trainings on best farm practices, milk quality and improvement of reproduction. KAMP will follow up with an initiative providing opportunities for small farmers to improve farm practices, improve milk quality and increase profit at their farms. KAMP signed the contract with Heifer International in Kosovo to provide trainings on improving the reproduction rate at dairy farms supported by Heifer. Through this project, KAMP will cover over 20% of its budget for 2008.

**KDPA:** KDPA worked on coordination of milk purchase between dairy processors, which resulted in stable milk collection and price. This coordination improved the purchase of fluid milk as there were only a few dairies that had difficulties to purchase quality fluid milk. The training on milk collection, hygiene and testing at Milk Collection Centers (MCC) was completed successfully. Twelve trainings were held at seven dairy processing plants and at five MCCs. More than 80 milk producers and MCC representatives participated at the training delivered by the specialist from Agricultural University in Pristina.

KDPA continued with its program for testing of dairy products in 2008, as this program has had very positive impact on improvement of quality of dairy products. In the first two months dairy processors covered 100% of testing cost, but KVFA signed a MOU with KDPA to support the testing program with 50% of the total amount of €15,000. In March, KDPA coordinated the implementation of MAFRD Administrative Decree for payment of milk according to quality with its members. Association staff assisted dairy processors to prepare the contract with farmers or MCCs on payment of milk and price calculation.

Even though the program on thermograph installation was delayed from initial schedule, KVFA finally decided to support the thermograph installation at ten dairy processing plants. KVFA will support with program with €6,000, KCBS with €3,000 and the rest will be covered from dairy processors. KDPA selected the company to do the installation of thermographs and installation will be completed during the first half of April 2008.

**RCAK:** This quarter RCAK held RCAK 2008 Assembly Meeting, hosted a working dinner with the new government representatives, completed the procurement study, and issued the RCAK annual bulletin. At the regular board meeting in February RCAK board reviewed and discussed RCAK financial statements for 2007 and discussed ways how to improve membership dues collection and encourage members to pay their dues on time. They decided to deregister from the association all companies that have not paid their dues for two years in a row. They also made the decision that non-dues-paying members would not be allowed to vote the RCAK General Assembly and Election Meeting.

On February 22 RCAK held its General Assembly and Election Meeting. The agenda of the meeting included a presentation on the achievements of the association to date, problems faced by the membership and the road industry in general, priorities for the period 2008-2010 and challenges that lay ahead. More than 40 participants attended the GAM, including RCAK members, industry stakeholders, government officials (e.g. from the Ministry of Transport and Telecommunication and the Ministry of Trade and Industry), KCBS and the media. Fatmir Limaj, Minister of Transport and Telecommunication gave a presentation on

the priorities and new orientations of his Ministry for the road industry. He confirmed the will of his Ministry to build sound and institutional relationships with the association and called upon RCAK members to commit themselves to business ethics and quality standards. RCAK membership engaged in a very constructive debate with Minister Lima and raised issues that mostly concern their industry, such as fair pricing, transparent procurement procedures and inspection of works. At the end of the GAM, the new RCAK board was elected, which is composed of seven companies. The newly elected President of RCAK is Mr. Hazis Rysha from Escavatori company, who received most of the votes of the RCAK membership. Another achievement of this organization was that for the first time non-dues paying members were banned from voting, pursuant to an earlier decision of the RCAK board. This measure will undoubtedly strengthen the internal discipline of the organization and its institutional dimension.

To date RCAK has 22 dues paying members out of 36 members in total. RCAK has managed successful to collect most of its dues within the first quarter of 2008, which is a remarkable achievement compared to their last year's performance in the same direction. This puts the association in the lead of other industry associations in terms of membership collection. Total amount of dues generated revenues for this quarter is €16,500.

This quarter RCAK sub-contracted a legal expert, who delivered a study on procurement law and its practical implementation in Kosovo. The study introduces a number of problems faced by RCAK members in the course of procurement procedures, and it concludes with a concrete proposal for improvements of the current procurement law. The study has been circulated among board members for feedback, before being made public. At RCAK's request, we extended the current grant deadline though May 1, to allow for reimbursement of certain deliverables (e.g. annual bulletin, procurement study) beyond the initial grant termination date of April 1.

***SHPUK:*** SHPUK organized a workshop on disease prevention, quality control, and proper use of antibiotics and vitamins. Staff provided training on vaccination program for day old chicks and pullets. In coordination with KVFA, SHPUK is providing free of charge vaccines and disinfections to its members. SHPUK worked with poultry producers on use of efficient medicine for parasite prevention and control. The new medicine PHOKSIN on parasite control was presented to poultry producers and after the treatment at poultry farms the achieved results are evident; egg production increased rapidly. In coordination with local veterinarians and with Veterinarian Institute in Berlin, Germany, SHPUK prepared a training program on use of new vaccines against salmonella disease that is present in Kosovo and is causing many problems at poultry farms. SHPUK coordinated the imports of quality and cheap poultry feed from Albania that had impact on increase of egg production.

SHPUK provided individual training to more than 20 farmers on modern farm buildings that include modern barn construction, equipment used, quality control and hygiene. SHPUK sent to MAFRD white paper recommending Ministry to work seriously on control of illegal imports of eggs, control of quality of eggs, antibiotic use and salmonella disease. Invited by MAFRD, SHPUK presented the program related to above issues. SHPUK also presented the anti-dumping program for eggs that was prepared by a specialist hired by the association.

SHPUK worked with Taka broiler parent farm in Peja to open selling points in Gjilan, Viti and Ferizaj in order to improve the sales of day old chicks. Association discussed with MAFRD and KVFA the need to establish mobile testing equipment (egg analyzer) that will help SHPUK check the quality of imported and locally produced eggs. This equipment will also generate incomes for the association. SHPUK presented the program of mobile testing lab to its members and asked for the financial support to establish this testing lab.

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

OEK continued to implement activities in line with KCBS grant "Support to OEK's legal office". OEK's second quarterly report showed that OEK's legal office generated €9,425 in fees over six months. This amount exceeds the target of €7500 set in the grant agreement

for this quarter. KCBS visited OEK legal office to verify the progress and data reported in their second quarterly report, including the invoices issued by OEK for their services. We confirmed that most of the payments are made for services such as issuance of barcodes, certificates and other administrative services. A number of arbitration procedures have been initiated, but no fees are generated from arbitration cases so far. The legal office webpage is activated (<http://www.kcclegalaid.info/>), but it remains very basic and offers limited information. KCBS asked the staff to work more on the website content and display online the list of services offered by the legal office together with their fee schedule. KCBS made reimbursement of the second quarterly report to OEK conditional upon meeting the following criteria: a) updating the legal office webpage; b) finalizing and making public the service fee schedule; and c) completion of the financial part of the quarterly report, in particular the expenses side from OEK.

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

On January 31 KCBS hosted the first session of the training workshop entitled “How Can Associations Improve their Marketing?” designed for the executive staff of KCBS supported associations. Seventeen participants attended the first workshop representing 12 organizations. In addition to KCBS cluster associations the training was attended by OEK, AKB, Women Business Association, NGO “Mundësia” and “NGO Lady”. The first session of the workshop introduced to the participants some basic concepts of marketing, including the definition of marketing and the 4P’s (product, place, price and promotion). In addition, participants learned about some practical approaches to marketing activities from the perspective of not-for-profit organizations. The training had an interactive format, in which participation was encouraged through Q&A and exercises. Todd Kirkbride, head of MTL team at KCBS, delivered the training. Due to participants’ positive feedback, KCBS expanded the second session of the workshop to three hours in lieu of a 1 ½ hours-session, as planned originally.

On February 7 KCBS hosted the second session of the training workshop, which was attended by 21 participants representing 12 organizations. In addition to eight KCBS cluster associations the training was attended by OEK, AKB, AmCham and AMIK. Topics covered by the second session of the workshop included: arguments against marketing; what can marketing do for associations; non-profit marketing plan; from plan to profit; and some actions to improve marketing. During this workshop participants had a chance to learn more about marketing plans and how to draft some of its basic elements. All participants took active part in the workshop through different exercises, comments and questions.

At the end of both training sessions participants expressed their appreciation for the workshop. They considered the topics covered by the workshop very relevant and valuable to their organizations and daily management. Later this quarter KCBS had individual follow up meetings with AKA, KDPA and KACP to discuss some of the marketing activities on which the association was working.

At the meeting with the Head of MTL team, AKA staff discussed about marketing plan for the planned agricultural fair. The main issues raised were the marketing of booths, promotional materials, advertising/sponsorship program targeting supplier companies, invitations forms and other tasks related to fair management. KDPA Executive Director discussed with the Head of MTL team their marketing plan, dealing mainly with public relations efforts, in-store promotion and advertisement for local newsletters that association will complete during April. The work with local media to develop an “investigative report” video telling the new dairy story (with interviewees of processors, farmers in factories and collection centers) was discussed in detail. A program that will help organizing in-store promotions all around Kosovo was added to the association work plan. At a meeting with KACP ED, she explained to the Head of MTL how the association was working in terms of finalizing the website and database project, what part of the work is performed by the association staff (such as collection of data) and what tasks are subcontracted. The head of the MTL made some suggestions for the KACP website (which is still under construction) in order to make it more

attractive and useful for members and non-members drawing also from the marketing workshop lessons.

### **9.3 Strengthen Business Consulting Capacities**

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

A promotional event of the BDS sector and consultancy profession was organized together with BAS/EBRD program and BCC last quarter. There are no further developments in this direction.

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

**General:** In the past three years KCBS put a lot of effort into improving accounting and business practice in minority regions. However, companies from minority regions still face a number of tax problems such as VAT calculation, VAT reimbursement, filling of required declarations and customs forms and other obligations stated under UNMIK tax and customs regulations. To help companies from minority regions, mainly in North Kosovo solve these problems, KCBS contracted Piramida, a BSP from North Mitrovica, to deliver the three components:

- i) Training on business plan preparation (implementation period December 07-February 08);
- ii) Training of taxpayers on practical implementation of VAT and customs duty (implementation period February -March 08);
- iii) Training of recently graduated economists/accountants on IAS/KAS standards (implementation period Apr.-May 08).

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

Piramida delivered the training program on practical implementation of VAT calculations and customs statements. Due to poor links that businesses from minority regions, especially those from Northern Kosovo, have with TAK in Pristina, there is a general lack of data and opportunities for receiving professional assistance to better run the business. This lack of information leads a series of problems. Some businesses are paying high interest on obligations calculated incorrectly or paid after the due date. Lack of information and high percentage of penalties imposed on businesses made many of them to move and operate in the informal economy for as long as they can. Thirteen participants, representing 15 large VAT payer companies from North Kosovo took part in Piramida's training. The training was designed based on case studies and the real live problems that companies are facing. To provide practical explanation to the participants, Piramida engaged two professionals, one from tax authority and another one from customs service. The training was conducted in an interactive format, and gave the opportunity to each participant to express personal problems and to work out adequate solutions to those problems. The aim of this training program was to help companies increase their knowledge about tax regulations, specifically those on VAT and custom duties, to avoid payment of unnecessary penalties, and encourage their involvement in the formal economy.

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

This activity will be carried out in the third quarter.

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

Preparation of business plans for development projects was the first component which was implemented under the subcontract signed with Piramida. Most of the preparations for this component took part in the previous quarter (e.g. preparation of the training material and

PowerPoint presentation), while training sessions themselves were held during this quarter in January. The ten-day training program was divided into two parts. During the first part of the training, the five selected applicants learned about the importance of the business plans, in general, and why business plans were an important tool for decision-making. The second part of the training was in the format of on-the-job training. Piramida assisted the participants how to fill the IOM/FAIR application package properly. Participants had the opportunity to learn from their mistakes and problems from their previous applications and processes of business planning preparation. At the end of the training, five business plans were prepared according to the IOM/FAIR criteria. This training component received very positive feedback. Comparing this training with other programs of technical assistance they had received in the past, participants evaluated this training as “tangible”, of practical value for them and designed specifically to meet their needs.

## 10.0 CROSS-CUTTING THEMES

### 10.1 Work in Minority Areas

***Accelerating Private Sector Growth in Minority Areas:*** KCBS's work with minority-owned and operated businesses is intimately tied up with all of its work across Kosovo in pursuit of the project objectives, so references to work in the minority areas will be found throughout the report. A summary of activities follows below:

- KCBS actively supported the cooperative Agro seme ,in Gracanica. The team linked this cooperative with Mr. Uka Lustaku, a farmer from Skenderaj, to facilitate the purchase of 25MT of seed oats. KCBS also facilitated the sale of 140MT fertilizer between Agro seme and association Agrosfera, in Klina. The seed and fertilizer was imported from Serbia.
- KCBS also supported start-up business in two IDP returnee villages (Grabac and Suvo Grlo). Farmers in these villages needed agriculture equipment for their farms. On behalf of the association “ Potok” and the cooperative “Suvo Grlo”, KCBS purchased an agriculture tractor and other basic equipment. KCBS is assisting returnees in creating self-sustainable businesses and smoothing their integration into Kosovo economic life.
- In Zvecan, KCBS is supporting the Aves Prom broilers farm in constructing a new slaughterhouse. Short term consultant, Katerina Kostadinova, a slaughterhouse specialist, assisted Aves Prom in designing the layout and equipping the slaughterhouse. KCBS is also helping Aves Prom prepare for pelleted feed trials.
- KCBS bought and delivered lab testing equipment for three Milk Collection Centers (MCC) for the Agrohit association in Leposavic. This will improve milk quality and also prevent payment disputes between MCC and milk processors. KCBS trained the MCC managers in the proper use of the lab testing equipment. KCBS will continue to coordinate activities with the Milkop dairy processing plant in Leposavic in order to support the MCC with addition training in the future if needed.
- KCBS awarded grants to several businesses in minority areas, and assisted clients with procurement and expediting activities. Grants were awarded in North Kosovo to:
  - As-Promet in Leposavic for new cold storage equipment, which will further enhance Kosovo's capacity to market its crop of both wild and cultivated berries.
  - Four collection centers in the Brjnak Association, Zubin Potok, for cold storage boxes in which to transport harvested berries to As-Promet's facilities.
  - Backo Trade in Zubin Potok for new finger-jointing equipment to improve the efficiency and reduce costs in their wood processing facility.
  - Leshak Kom in Leposavic for slaughtering and refrigeration equipment in its expanded meat plant.
  - Aves Prom in Zvecan for broiler production and new slaughterhouse equipment.
- Grants were awarded in minority areas in Central Kosovo to:
  - Farmers' association in Kosovar Serbian village of SuvoGrlo/Skenderaj for a tractor and other agricultural equipment.
  - Farmers' association “Potok” in mixed ethnicity village of Grabac/Vitii for a tractor and other agricultural equipment.
  - Scardus in Strpce for new cold storage equipment, which will further enhance Kosovo's capacity to market its crop of both wild, and cultivated, berries.
  - Collection centers of the Novele Association in Dragash for cold storage boxes in which to bring harvested berries to Scardus' facility
  - Cooperative, Dobrotin, in Lipjan for vegetable processing equipment.
- As is reported in 9.4 above, PIRAMIDA implemented some programs to improve business practices amongst businesses in north Kosovo under a KCBS grant.

**Environmental Clean-Up:** In this quarter, the NGO Mundesia, from southern Mitrovica, submitted a grant proposal for a public awareness recycling campaign as the first step in a larger environmental clean-up project. The aim of the project is to emphasize the importance of environmental protection, clean-up and recycling in Kosovo. The project is designed to cover three municipalities in the southern part of Kosovo (South Mitrovica, Vushtrri/ Vucitrn and Skenderaj/Srbica) and three municipalities from the northern part of Kosovo (North Mitrovica, Zubin Potok and Leposavic). Before approving the grant, KCBS required Mundesia to prove that they can provide outside donor support for implementation of other parts of the project. This request is still outstanding.

**Wood pellets production plant Feroda:** KCBS supported the wood pellets production company Feroda in procuring electrical connection of the new plant with the KEK distribution system. The aim of the project is to reduce imports of wood pellets to fuel boilers, increase domestic production and increase employment. The company is planning to engage ten new workers, including at least six ethnic Serbian Kosovars from the village Dobrotn. It is expected that Feroda will start production of the wood pellets by end of April.

## 10.2 Women's Issues

During this quarter, the women's business association Avenija continued with the implementation of the activities of their grant agreement with KCBS. Installation of new PVC doors and windows, engineering flooring, isolation of the north outside wall and tailing of veranda in their mini textile factory were all successfully completed. In the previous quarter, the association installed existing equipment (eight sawing machines and two looms) donated by Finnish KFOR and (based on a KCBS recommendation) signed the agreement with IOM/ Support for the Stabilization of Communities in Kosovo. IOM financially supported the training of 15 women in the use of sewing machines and looms and purchased the raw materials needed for the training. During this quarter, Avenija finished the training plans; training 18 women in total. Six of them will be employed at the workshop once production starts. The project attracted considerable attention in the community and other international organizations and institutions. RTK broadcasted a TV story about the association and Slovakian liaison office in Pristina approved a donation in the amount of € 4,000 to the association for new automatic embroidery machine and high quality raw material. In the remaining stages of the project, Avenija will prepare an exhibition where women who have passed the training course will present what they have learned and their handiwork.

KCBS continued to help NGO Lady find companies interested in advertising on their website before the work on the website design starts. The dairy processor company Devolli decided to advertise on their website and expressed their willingness to cover all NGO Lady's related hosting expenses. The contract will also include terms for buying raw material (milk) from Devolli for production of fine baked goods.

KCBS met with the NGO "Women for Women International" [WfWI] on a number of occasions to discuss the carpentry training project. KCBS devised a curriculum and prepared the necessary training materials. It is anticipated that 37 women will participate in the training. KCBS also discussed how to provide internships/full employment to these women. This six-week activity will commence the first week of April. The viability of this project depends to a large extent on WfWI receiving the promised financial support from Herman Miller Company in the US; to date, KCBS has little concrete information as to how this support will be forthcoming.

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

For this reporting period (January–March 2008), KCBS awarded seven grant agreements, and two subcontracts. The value of signed awards for this quarter was €135,553. Of this amount, €127,729 were awarded for grants and €7,824 for subcontracts.

During this reporting period, two grants, two subcontracts and one modification of grant adding €1,500 for grant to Ajka, were awarded to Livestock Cluster worth €29,274; four grants to Fruit and Vegetable Cluster worth €102,150; and one grant to Construction Materials Cluster worth €4,129.

From the start of the project until end of March 2008, KCBS has signed 63 fixed price subcontracts, 66 grant agreements and four procurements of goods through SAF. The total value of signed subcontracts, grants, and procurement of goods is €2,053,255. Of this amount, €1,316,964 has been awarded for grants, €672,554 for subcontracts, and €63,737 for procurement of goods. 20 grants, 31 subcontracts and four procurement of goods have been awarded for the Livestock cluster in total value of €763,357; 16 grants and three subcontracts with Fruit and Vegetables cluster worth €395,062; seven grants and seven subcontracts with Construction Material cluster worth €215,215; and 23 grants and 22 subcontracts for General Business Support €679,622.

Two grants that fall under Livestock Cluster were awarded to:

- Suvo Grlo: Improvement of agriculture production in Agriculture Cooperative Suvo Grlo
- Potok Grabac: Improvement of agriculture production in Agriculture Association Potok in Grabac

Four grants that fall under Fruit and Vegetables Cluster were awarded to:

- P.P. Novele: Strengthening of system of collection through assistance to collection centers for wild fruit
- Scardus: Strengthening of system for collecting and processing blueberries, mushrooms forest fruits and juniper berries
- AS Promet: Improving cold chain with particular improvements of handling and cleaning equipment
- P.P. Brnjak: Strengthening of collection centers with particular attention of the cold chain

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

- UKAJ: Technical modification of Wintersteiger frame saw

Two subcontracts that fall under Livestock Cluster were awarded to:

- KODAA: Alfalfa seed multiplication year II
- HAK: Improvement of Pasture Management Year III

During this reporting period, the SAF team was primarily engaged in the process of accepting, reviewing and awarding grants in minority area. Six of the seven grants awarded in this period are for minority organizations.

In response to a program statement issued in the newspaper Jedinstvo on January 15, KCBS received eight concept papers from minority organizations. In consultation with the USAID CTO, KCBS decided that only two of the concept papers were viable and fell within the requirements of the SAF Fund. Grant applications were requested from each of the two referenced applicants. Due to the political situation in mid February, when the Kosovo government declared independence, the grant applications from these two organizations

were delayed, and received in March. Farmer Cooperative Dobrotin sent the grant application at the beginning of March and after review of the grant application by the selection committee this grant application has been recommended for approval. Farmer Association Agro-Morava submitted the grant application in the end of March. At the time of this report, the Agro-Morava grant application is in the process of review.

In this reporting period, the SAF team was heavily engaged in procurement of equipment for grants that were awarded to minority organizations, as major components of the grants activities were procurement and installation of equipment. The procurement process took significant effort and time, in order to be done based on USAID procurement procedures, but with help from Chemonics home office, the SAF teams considers that the procurement and installation of equipment will be on schedule and the demonstration of technologies will be promoted in appropriate time.

During this quarter, KCBS developed an Excel spreadsheet, linked to SAF awards, commitments and payments, to closely monitor the effects of the variable dollar exchange rate on payables against current commitments, and hence the uncommitted SAF funding remaining available for further grants. This monitoring tool will allow KCBS to maximize use of SAF funds despite the fluctuating exchange rate.

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

## 12.0 PERFORMANCE-BASED MANAGEMENT SYSTEM

### 12.1 Summary

Performance Based Management System monitors progress against program targets, facilitates reporting of the results attributable to KCBS efforts and provides data for reporting to USAID. It identifies successful enterprise and industry clients, interventions and consultants and allows the team to compare projected results to actual results on a monthly, quarterly, semi-annual and annual basis.

### 12.2 Data collection

The data is collected from 115 companies in all three clusters. The data for non-client companies on blueberry collection is consolidated in one figure and presented in the table of the data for Fruit and vegetables cluster as “Blueberry collectors”.

From this number of companies, 28 companies are not active. Two new companies were added during this quarter as explained in Annex, Cluster breakdown of activities, and one was dropped from active clients.

Indicators for performance at the quarter end are as follows:

	After 42 Months	
	Target	Actual
Number of companies assisted	n/a	115
Increase in sales compared to baseline – euros (in millions)	42.5	106.3
Increase in sales over baseline - %	28.8%	72.1% <sup>2</sup>
Increase in FTE jobs	4,000	5,372
Increase in financing – euros (in millions)	13.0	17.6
Increase in capital investment – euros (in millions)	5.3	33.5

- ◆ The list of the main contributors to the increase in sales from the start of the project till the Q2 FY 2008 had minor changes comparing with previous quarter. The list of companies remains the same; however the changes occurred in the ranking of the companies. The list of the companies, main contributors to the increase in sales, is as follows: Abi, NewCo Silcapor (although currently non-active client), FAN, Devolli, Tullëtorja, Pestova, Rona, Xeni, Fitofarma, Bylmeti, Adi, Agroproduct Commerce, Soni and Ajka (companies are listed here according to their respective contribution), representing approx. 75% of the total increase in sales. Abi is topping this list with total increase in sales over annualized baseline of 17.1 million euros.
- ◆ The main contributors to the increase in employment from the start of the project till the Q2 FY 2008 are companies New Co. Silcapor, FAN Zahir Pajaziti, Tulletorja L.L.C., Agroprodukt Commerce, Soni, Bejta Commerce, Ukaj Hit – Flores, Papenburg & Adriani, Adi, Agrounion, Pestova and Korenica with total of 3,167 FTE or 59% of the total increase in employment. Although currently non-active KCBS client, NewCo Silcapor still has the highest increase of FTE, 692 over baseline.
- ◆ The main contributors to the increase in financing from the start of the project till the Q2 FY 2008 are companies Tullëtorja, Bejta Commerce, NewCo Silcapor and FAN with total of €12.4 million, or 70% of the total increase in financing.

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<sup>2</sup> Represents the percentage of total sales to date over total ANNUALIZED baseline sales by all companies currently in the database. Total sales to date are €253,818,878 and total annualized baseline figure for companies is €147,504,611.

- ◆ The main contributors to the increase in investment from the start of the project till the Q2 FY 2008 are companies Tullëtorja, NewCo. Silcapor, FAN, Fetoshi, Eskavatori, Bejta Commerce, Kabi, Ukaj, Korenica, Korrotica and KAG Asphalt. All companies, except Kabi, belong to the construction cluster. The total increase in investment, which represents also total value of the investment to date (since baseline was set at zero) for these companies, is 24.5 million or 73% of the total increase in investment for all client companies.

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

Number of companies assisted	44
Number of active companies	37
Increase in sales - euros (in millions)	52.61
Increase in FTE jobs	1.518
Increase in financing – euros (in millions)	1.87
Increase in capital investment – euros (in millions)	6.27

### **12.2.2 Fruits and Vegetables Cluster**

Number of companies assisted	38
Number of active companies	28
Increase in sales – euros (in millions)	16.21
Increase in FTE jobs	1.278
Increase in financing – euros (in millions)	0.98
Increase in capital investment – euros (in millions)	1.55

### **12.2.3 Construction Materials Cluster**

Number of companies assisted	33
Number of active companies	22
Increase in sales – euros (in millions)	37.50
Increase in FTE jobs	2.576
Increase in financing – euros (in millions)	14.78
Increase in capital investment – euros (in millions)	25.70

### **12.3 Quality of the data.**

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

### **12.4 Data verification**

During the quarter PBMS specialist conducted site visits and interviews with representatives from the client enterprises and organizational partners to verify the results that have been reported. In addition to verification of the accuracy and consistency of the results reported, PBMS specialist also determined whether the results were caused by the KCBS intervention and thus attributable to the project.

### **12.5 Status of the Indicators**

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

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

## **13.0 COMMUNICATIONS AND PUBLICITY**

### **13.1 Publications**

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

- Jan. 08    Cleaning Up the Environment – A pilot scheme in three municipalities  
            Stimulating Fruit Production – Higher quality saplings  
            A Milk Market Depository? – The role of the milk collection center
- Jan. 22    Managing Kosovo’s Forests – Essential steps for forest certification  
            Presenting Kosovo’s Products – Improving packaging and design  
            Improving Milk Quality – Some essentials for quality control
- Feb. 5     Safer Food for Kosovo – Implementing HACCP standards  
            Kosovo’s Pastures – Improving forage yields  
            Kosovo’s First Breeder farm – Extending the poultry production cycle
- Feb. 19    Safer Food for Kosovo – Implementing HACCP standards [2]  
            Refrigerated Storage for Apples – Higher prices in December  
            Marketing for Businesses – A summer internship program
- March 11  Improving Market Appeal – Grading, sizing and packing of product  
            Improved Apple Production – New technology in the apple orchard  
            Certified Food Safe Potatoes – Introducing GlobalGAP
- March 25  Reducing the Informal Economy – An AKB initiative  
            New Cheeses Improve Profits – Solving the seasonal milk over-supply issue  
            Introducing New Crop Varieties – New technologies increase farm profit

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

### **13.2 Media:**

During the quarter, KCBS’s work/clients featured on several of the “Bujku” weekly programs:

- Feb. 09    Interview with our client Tom Gjini, after he was given the “Golden Farmer 2007” award. Program was rerun on Feb. 16 and 17 as part of Kosova Independence celebrations.
- Mar. 15    Interview with KODAA and Agim Deshishku, President of AKA and entrepreneur, on the supply of artificial fertilizers and agricultural inputs.
- Mar. 22    Interview on the same subject with Agrounion and Refik Shabani.
- Mar. 29    Interview with Bedri Kosumi of Pestova Potato Company on the supply of quality potato seeds.

## GLOSSARY OF ACRONYMS

[Where an acronym represents initials of Albanian words, the English translation is provided]

<b>AAK</b>	Alliance for Future of Kosovo
<b>ACCA</b>	Association of Chartered Certified Accountants (UK)
<b>AKA</b>	Alliance of Kosovo Agri-businesses
<b>AMIK</b>	Association of Microfinance Institutions of Kosovo
<b>AVUK</b>	Kosovo Veterinary Food Agency [same as KVFA]
<b>AWPK</b>	Association of Wood Processors of Kosovo
<b>BAS/TAM</b>	Business Advisory Services/Turnaround Management
<b>BCC</b>	Business Consultants Council
<b>BiH</b>	Bosnia and Herzegovina
<b>BPB</b>	Bank for Business
<b>BPK</b>	Banking and Payment Authority of Kosovo
<b>BSI</b>	British Standards Institution
<b>BSP</b>	Business Service Provider
<b>CAN</b>	Calcium Ammonium Nitrate
<b>CBAK</b>	Central Bank of Kosovo
<b>CEFTA</b>	Central European Free Trade Agreement
<b>CMT</b>	California Mastitis Test
<b>COC</b>	Chain of Custody
<b>CPP</b>	Crop Plant Protection
<b>DAP</b>	Di-ammonium Phosphate
<b>DCA</b>	Development Credit Authority
<b>DHI</b>	Dairy Herd Improvement
<b>EAR</b>	European Agency for Reconstruction
<b>EN</b>	European Norm
<b>EU</b>	European Union
<b>EWF</b>	Engineered Wood Flooring
<b>FQT</b>	Forage Quality Testing
<b>FSC</b>	Forest Stewardship Council
<b>GHP</b>	Good Hygienic Practices
<b>GMP</b>	General Manufacturing Practices
<b>GTZ</b>	German Society for Technical Cooperation
<b>HACCP</b>	Hazard Analysis and Critical Control Points
<b>HAK</b>	Horticultural Association of Kosovo
<b>HMA</b>	Hot Mix Asphalt
<b>ICCED</b>	International Center for Community and Enterprise Development
<b>ICMM</b>	Independent Commission for Mines and Minerals
<b>IFC</b>	International Finance Corporation
<b>IPA</b>	Investment Promotion Agency
<b>IPR</b>	Intellectual Property Rights
<b>IQF</b>	Individually Quick Frozen
<b>KACP</b>	Kosovo Association of Concrete Producers

<b>KAMP</b>	Kosovo Association of Milk Producers
<b>KBA</b>	The Kosovo Bankers Association
<b>KCLB</b>	Kosovo Center for Livestock Breeding
<b>KCBS</b>	Kosovo Cluster & Business Support
<b>KDC</b>	Kosovo Development Center
<b>KDPA</b>	Kosovo Dairy Processors Association
<b>KEK</b>	Kosovo Energy Corporation
<b>KEP</b>	Kosovo Enterprise program
<b>KFA</b>	Kosovo Forest Agency
<b>KODAA</b>	Kosovo Agricultural Input Dealer Association
<b>KPS</b>	Kosovo Police Service
<b>KSDP</b>	Kosovo Swiss Dairy Processing and Marketing Promotion Project
<b>KTA</b>	Kosovo Trust Agency
<b>KVFA</b>	Kosovo Veterinary Food Agency
<b>LC</b>	Letter of Credit
<b>LLC</b>	Limited Liability Company
<b>LINK</b>	Kosovo Association of Civil Engineers
<b>MAFRD</b>	Ministry of Agriculture, Forestry and Rural Development
<b>MAP</b>	Mono-ammonium Phosphate
<b>MCC</b>	Milk Collection Center
<b>MESP</b>	Ministry of Environment and Spatial Planning
<b>MEM</b>	Ministry of Energy and Mining
<b>MFI</b>	Micro Finance Institution
<b>MM</b>	Millions
<b>MOU</b>	Memorandum of Understanding
<b>MT</b>	Metric Tonnes
<b>MTI</b>	Ministry of Trade and Industry
<b>MTPT</b>	Ministry of Transportation, Posts and Telecommunications
<b>NGO</b>	Non-Governmental Organization
<b>NIR</b>	Near Infrared Reflectance
<b>NPK</b>	Compound Fertilizer (Nitrogen-Phosphorus-Potassium)
<b>OEK</b>	Chamber of Commerce of Kosovo
<b>PET</b>	Polyethylene terephthalate
<b>POF</b>	Purchase Order Finance
<b>PPD</b>	Private Public Dialog
<b>QA/QC</b>	Quality Assurance/Quality Control
<b>RAS</b>	Rural Advisory Services
<b>RBKO</b>	Raiffeisen Bank of Kosovo
<b>RCAK</b>	Kosovo Association of Road Constructors
<b>RTK</b>	Radio and Television of Kosovo
<b>SAF</b>	Strategic Activities Fund
<b>SCAAK</b>	Society of Certified Accountants and Auditors of Kosovo
<b>SHPUK</b>	Kosovo Poultry Producer And Feed Miller Association
<b>SME</b>	Small and Medium Enterprise
<b>SOE</b>	Socially-owned Enterprise

<b>SOW</b>	Scope of Work
<b>STTA</b>	Short-term Technical Advisor
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>UNMIK</b>	United Nations Interim Mission in Kosovo
<b>USAID</b>	United States Agency for International Development
<b>USAPEEC</b>	US Poultry and Egg Export Council
<b>USDA</b>	United States Department of Agriculture
<b>WfW</b>	Women for Women Association

## STATUS OF INDICATORS

### A. ESTABLISHED INDICATORS

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

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

Baseline set for CY2004: €28,412,404

Target for FY2008: €43,800,000

Taxes reported are made up of:

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

Actual total to date in FY2008: €25,708,189

The data is for January and February 2008, while data for March is not yet processed by Tax Administration.

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

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

**ANNUAL REPORT INDICATOR**

Baseline data for CY2003: 3.70%

Target for FY2008 12.00%.

Actual cumulative % for FY2008: 10,53%

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

The data for this indicator was collected from Statistical Office of Kosovo. The data covers period from October till January 2007. The data for February and March 2008 are not yet processed and when received will be updated and included in the next quarterly report.

Exports for this period were October and November 2007 was €58.04 million and imports were €551.04 million.

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

#### **Indicator: Increase in Sales among Targeted Clusters**

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

Cumulative sales to date for FY2008 €253,818,878

Increase in sales – in euro €106,314,267

Actual % increase in sales: 72.1%

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

The figures for sales are calculated on enterprise level first, and then aggregated in the category of sales. Total cumulative sales from start of the project to date are €253,818,878. This figure is then measured over the baseline for the same comparative period, for e.g. if we worked with the company for 39 months (from January 05 till March 08) and we have sales data for these months, that figure will be compared with 39 months of the baseline i.e. two times the baseline year sales. Baseline established using this methodology is €147,504,611. So, we have an increase over baseline of €106,314,267, which represents 72.1% increase in sales over baseline, and is way above the targeted cumulative increase of 28.8% by the end of this quarter.

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

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

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

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

Actual job increase to date for FY 2008: 5,372 FTE

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

Baseline data was set for the Annual Report at the end of FY 2003 data and was taken at level zero. The same zero level was assumed for FY2004, and subsequent changes were to be measured against this zero level.

The total increase of direct employees from the start of the project to date over the baseline is 5,372, including full time [3,887] and part time employees [1,485]. Records for employment, as for other indicators, have been kept on a quarterly basis, but recorded for each month separately.

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

#### **Indicator: Labor Productivity among Targeted Enterprises**

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

This indicator will be reported only annually

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

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

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

#### **Indicator: Increased Capital Investment among Targeted Enterprises**

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

Actual Increase in Investment to date for FY2008 €33,527,727

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

The baseline in PBMS for 2004 was the actual capital investments at the companies with which we were working. This was taken as level zero. Value of capital investment from the start of the project to date is €33,527,727, figure that exceeds LOP target for capital investment. Only in Q2 FY 2008 there was an increase in investment of €1,801,486.

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

#### **Indicator: Increased Financing among Targeted Enterprises**

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

Actual Increase in Financing in FY 2008: €17,633,700

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

The baseline in PBMS for 2004 was the actual financing at the companies with which we were working. This was taken as level zero. Value of financing from the start of the project to date is €17,633,700. So, the total cumulative increase till the end of Q2 of FY2008 is €17,633,700. Only in Q2 FY 2008 there was an increase in financing of €6,318,000. The comments on the increase in financing in this quarter are given in the Annex: Cluster breakdown of activities.

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

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

**ANNUAL REPORT INDICATOR**

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

Actual Companies registered to date in FY2008: 65,533

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

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

**IR.1.3.2.3 (1) Business Associations Responsive to Client Needs**

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

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

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

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

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

**IR.1.3.2.3 (2) Business Associations Responsive to Client Needs**

**Indicator: % of Non-donor Revenues Generated by the Associations**

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

Actual No. Associations self-generating > 40% of operating revenues to date in FY2008: 7

Definition of the indicator: Value of operating revenues generated from the associations, which are independent of donor agencies' funding, expressed as a percentage of total operating revenues. Revenues include membership contributions with all types of contributions paid to the associations for their direct or indirect facilitation, and may include fees or other contributions. There were 7 associations that have generated more than 40% of operating revenues in this quarter.

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

**Indicator: Number of Associations employing Non-volunteer Staff**

Baseline data for FY2004:

Zero

Target for FY2008

14 associations.

Actual No. Associations employing permanent staff to date in FY2008: 13

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

## **STATUS OF INDICATORS**

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

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

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

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

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

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

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

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

**Indicator: Business Environment Index**

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

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

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

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

However, KCBS has not proposed another assignment for a consultant to conduct a survey, and no survey has been conducted in FY2006, FY 2007 or in FY2008. The

KCBS project focus has moved away from areas where the project's ability to influence change is limited, and to areas where resources can be expended to have a more immediate and practical benefit.

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

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

The number reported is 690 that consist of the companies that KCBS is working with, also companies benefited from voucher scheme of MTI and KCBS. The data was in previous year also collected from members of Business Consulting Council. Only in this quarter, this number increased by 32 from the data collected from former BCC members and from the activities performed by service provider Piramida, in minority areas.

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

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

The following is a list of recommendations that are in the process of implementation, or have just started the process:

- Alliance of Kosovar Businesses (AKB) received a grant from KCBS and completed a project aimed at reducing the informal economy.
- At the last MTI's Meeting of Industry Roundtable one of the conclusions was to organize a public promotion campaign for the purpose of raising public awareness on the importance of industry standards
- AKB and OEK were involved in the consultations process for drafting the long-term development strategy for Kosovo. The recommendations of the infrastructure task group were considered in terms of the development strategy.
- Decentralization of education and establishment of apolitical accreditation bodies were the recommendations of the task group suggested to the Assembly of Kosovo, i.e. Assembly Committee for Education.
- KCBS organized meetings with associations, Statistical Office and EAR to improve statistical data collection.
- OEK is continuing with the implementation of the KCBS grant 'Support to OEK's Legal Office' which aims at to strengthening provision of arbitration and other legal services to OEK's members. Within a six month period the legal office has generated a total value of a €9,425 in fees, exceeding the target of €7500 set in the grant agreement for the same period.
- KCBS participated as one of the stakeholders at the EAR funded workshop on the Development of a Private Sector Strategy for Kosovo. Following the workshop the draft document of the medium term strategy for private sector development was compiled and handed over to MTI. The main pillars of this strategy include investment and trade and SME development. Complementary pillars are skills development programs, including vocational training, entrepreneurship education, taxation and legal environment.
- AKB and the Tax Administration of Kosovo hosted jointly a roundtable on the role of tax administration and business community in the practical implementation of fiscal policies. AKB re-emphasized the request for lowering the corporate tax, income tax and reconsidering VAT rate. AKB's demands were also supported by OEK and AmCham.
- RČAK has engaged in a sound dialog with the Ministry of Transport and Telecommunication. RČAK has meet in several occasions with the new Minister of

MTT, Fatmir Limaj (such as at the RCAF General Assembly Meeting, RCAF business lunch) and has discussed the issue of building sound and institutional relationships between the Ministry and the association. The Minister has called upon RCAF members to bind themselves to business ethics and quality standards, while RCAF membership has required fair and transparent public procurement procedures.

## **STATUS OF INDICATORS**

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

Total number of companies that KCBS assisted from the beginning of the project is 115. However, there are more companies and individuals that are assisted directly by KCBS or through associations. We are capturing that number of assisted entrepreneurs through indicator 2 – Number of entrepreneurs receiving services supported by USAID.

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

The total number of USAID–assisted enterprises to date in FY 2008 is 115 (plus Blueberry collectors aggregated as one client). The number represents direct KCBS clients since the start of the project.

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

The actual cumulative number of entrepreneurs to date in FY 2008 is 15. This number represents clients assisted by KCBS through associations.

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

The total number of companies using accounting assistance to date in FY 2008 is 22. The project supported by KCBS to improve recordkeeping of the companies of poultry sub-cluster continued its implementation on three companies. Also in Mitrovica region was organized training, provided by Piramida, on implementation of VAT regulation to 15 companies from northern part of Kosovo.

**Indicator 4: The number of people trained**

The total number of people trained to date in FY 2008 is 1,765. Below is the number of participants by the type of activity in the second quarter of FY 2008:

- Number of participants in USAID-assisted conferences (annual meetings of two USAID-assisted associations) was 66.
- Number of participants in USAID-assisted trainings was 47.
- Number of participants in USAID-assisted training workshops was 53.
- Number of people attending USAID-assisted seminars was 373.
- Number of people attending USAID-assisted meetings was 14.
- Number of people attending USAID-assisted field days was 25.
- Number of people attending presentations and roundtables was 48.

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

The number of full time jobs of 5,372 is related to the IR.1.3.1 (2) Jobs created within targeted clusters. These are the additional jobs created over the baseline.

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

The total number of USAID-assisted transactions completed by local firms with US and other foreign firms in FY 2008 to date is 998. In the Q2 only, this number was 425. Below is the number of transactions segregated by the type and origin in the second quarter of FY 2008:

- Number of importing transactions
  - From US firms 13
  - From other foreign firms 347
- Number of exporting transactions
  - To US firms 0
  - To other foreign firms 65

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

The total value of transactions of USAID-assisted firms with US and other foreign firms to date in FY 2008 is €19,985,027. In the Q2 only, the total value of transactions was €7,656,547. Below is this value segregated by the type and origin in the second quarter of FY 2008:

- Value of importing transactions
  - From US firms €187,805
  - From other foreign firms €6,631,202
- Value of exporting transactions
  - To US firms 0
  - To other foreign firms €837,540

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

There was no activity performed on trade and investment.

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

KCBS intervened at 87 companies in the quarter.

Data has been collected for:

- 37 companies from the Livestock [Dairy-Beef-Poultry-Animal Feed] Cluster,
- 28 companies from Fruits and Vegetables Cluster; and
- 22 companies from Construction Materials Cluster.

Two new companies were added during this quarter, one in Fruits and Vegetables Cluster (Etlinger) and one in Construction Cluster (Kosova Plast).

One company in Livestock [Dairy-Beef-Poultry-Animal Feed] Cluster (Lahor) turned into non-active.

Data for all active clients (87 companies, plus data for Blueberry collectors consolidated in one figure) is presented in the tables and graphs below, as well as data carried forward for KCBS inactive clients (28 companies).

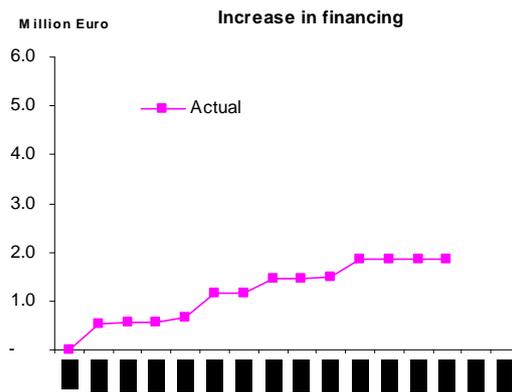
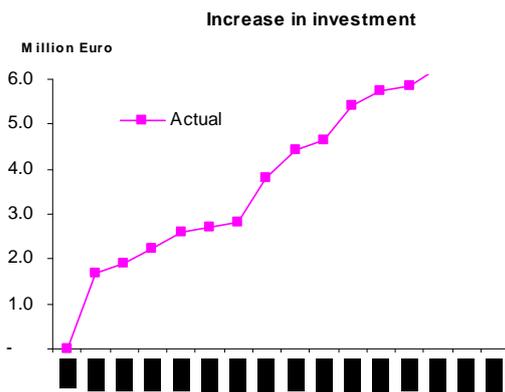
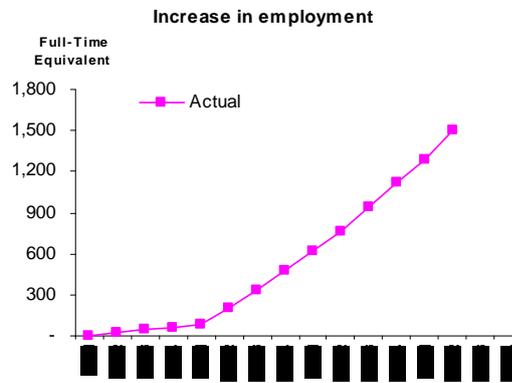
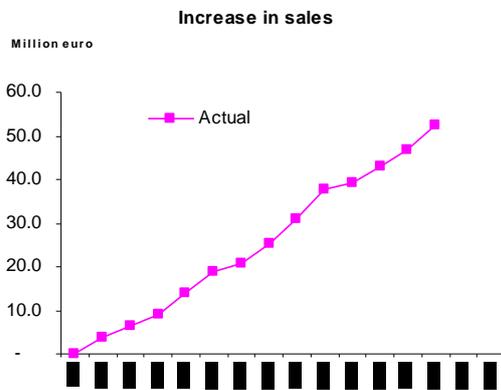
Data shows the cumulative increase in primary indicators by cluster.

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

Increase in sales in livestock cluster represents 49.5% of total increase at project level. From 5,372 new FTE, in livestock cluster there are 1,518 new jobs or 28.2% of the total increase in employment. Increase in investment represents 18.7%. Increase in financing represents 10.6% of total increase.

The main contributors to the increase in sales are the two leaders of the livestock cluster, Abi and Devolli. Their increase in sales reached, by the end of this quarter, over 48% of the total increase in sales in the livestock cluster. When comparing to the previous quarter, the share of these two companies dropped by 5%. The share of Agrounion has increased by 3% in comparison to the previous quarter, but the company still has negative increase in sales. The company still cannot reach the baseline level, but the gap between baseline and cumulative sales is reducing each quarter. Other companies that increased their share relative to the overall increase in sales for the cluster are Soni and Xeni.

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



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

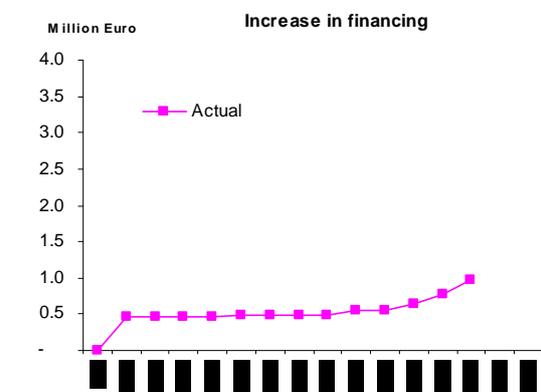
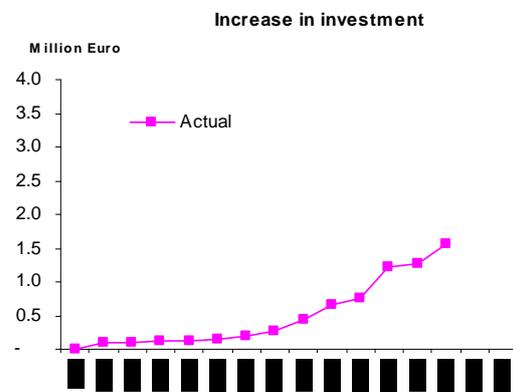
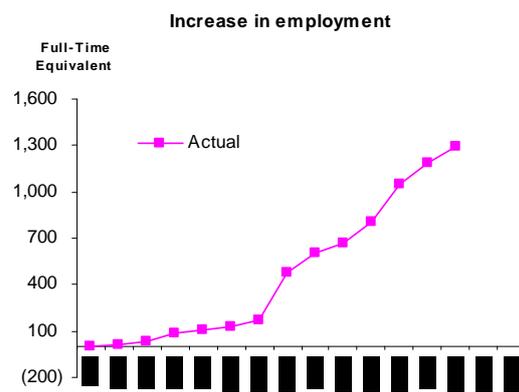
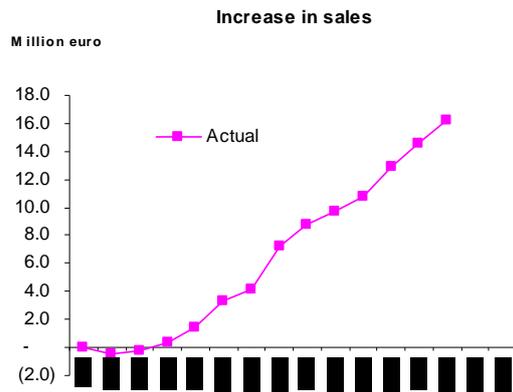
<b>No.</b>	<b>Company name</b>	<b>Increase in sales</b>	<b>Increase in FTE</b>	<b>Increase in Financing</b>	<b>Increase in Investment</b>
1	Abi	17,115,136	68	-	180,000
2	Adi	2,640,974	145	-	253,500
3	Agroleu	13,049	1	-	-
4	Agrounion	(2,815,875)	137	200,000	53,000
5	Ajka	2,387,077	37	8,200	71,500
6	Aldi	560,203	36	28,900	34,000
7	Bylmeti	2,707,123	62	107,300	287,500
8	Dardania Farm	126,230	6	-	85,700
9	Devolli	8,382,507	95	-	30,000
10	Disa	37,138	6	-	-
11	Diti	1,203,323	17	5,000	50,000
12	Euroлона	91,087	21	145,000	296,000
13	Fauna	1,556,808	33	300,000	800,000
14	Fit Dani	90,192	46	-	57,000
15	Fitofarma	2,773,596	33	-	119,500
16	Gjini & Tag	(937,259)	31	-	40,000
17	Golaj	263,055	22	32,800	69,000
18	Jazi	1,247,265	11	35,000	114,000
19	Kabi	(1,512,891)	55	600,000	1,340,000
20	Koxha Commerce	214,774	43	10,000	105,000
22	Legjendasi	1,589	6	-	-
23	Lulja e Sharrit	546,353	13	150,000	40,000
24	Luma Commerce	(88,785)	7	-	-
25	Magic Ice	844,495	8	50,000	410,000
26	Maloku	904,691	38	-	139,000
27	Mazreku	437,899	21	5,000	96,950
28	Qengji	1,579,751	21	-	35,275
29	Rona	4,316,743	42	30,800	31,000
30	Rudina	259,339	36	-	-
31	Sazli	914,376	21	-	10,000
32	Shala	512,625	30	4,300	65,000
33	Sharri	155,210	4	10,000	32,000
34	Simental	45,588	6	-	-
35	Soni	2,593,858	225	-	983,500
36	Taka	958,516	44	-	60,000
37	Te Lirimi	71,103	4	-	-
38	Xeni	3,814,290	43	-	193,000
<b>Total active clients</b>		<b>54,011,153</b>	<b>1,474</b>	<b>1,722,300</b>	<b>6,081,425</b>

1	Agraria Commerce	108,924	7	-	52,200
2	Agronomi	(1,531,750)	15	-	6,800
3	Lahor	(22,385)	10	-	-
4	Luli Commerce	-	-	-	-
5	Premium Vet	62,752	12	150,000	131,000
6	Teuta mi	-	-	-	-
7	Tusha	(18,124)	-	-	-
<b>Total inactive clients</b>		<b>(1,400,583)</b>	<b>44</b>	<b>150,000</b>	<b>190,000</b>
<b>Grand Total</b>		<b>52,610,570</b>	<b>1,518</b>	<b>1,872,300</b>	<b>6,271,425</b>

## 2. Fruits and Vegetable Cluster

In this quarter increase in sales in Fruits and Vegetable cluster represents 15.2% of total increase at project level. From 5,372 new FTE, in Fruits and Vegetable cluster there are 1,278 new jobs or 23.8% of the total increase in employment. Increase in investment represents 4.6% and in financing 5.6% of total increase. Still the leaders in the cluster are Pestova and Agroprodukt Commerce. The total increase in sales of these two companies represents 44% of the total increase in sales in the cluster. Pestova had decrease of 1% in its share comparing to the previous quarter.

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



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

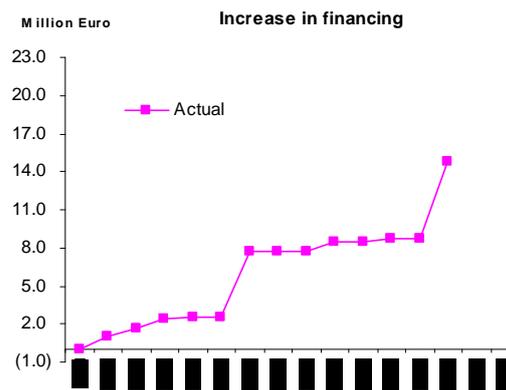
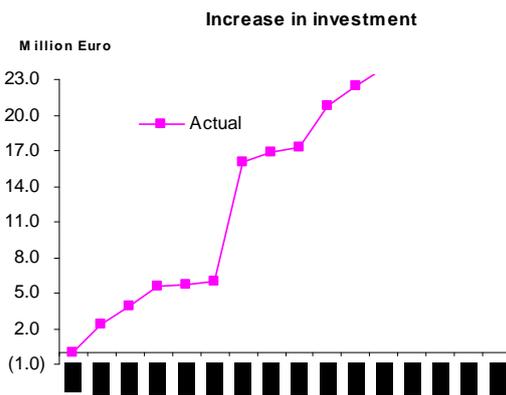
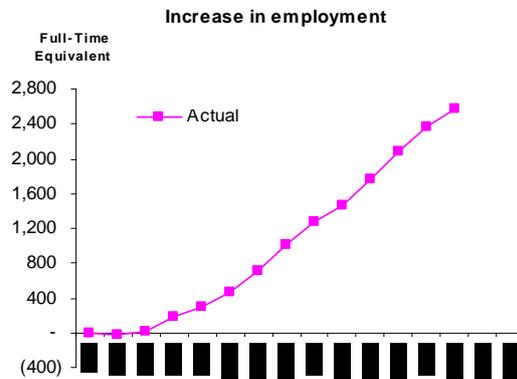
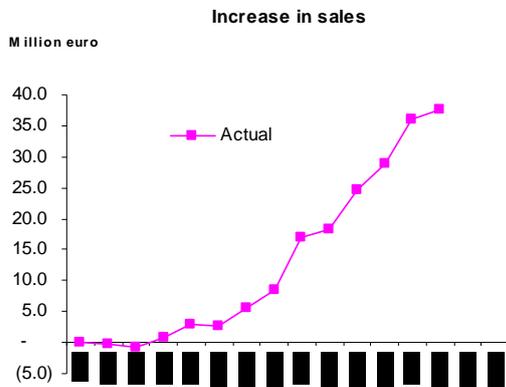
No.	Company name	Increase in sales	Increase in FTE	Increase in Financing	Increase in Investment
1	Agrocompany	1,091,000	51	60,000	30,000
2	Agroprodukt Commerce	2,632,545	263	80,000	302,690
3	Agroprodukt-Syne	495,461	89	60,000	25,000
4	Agroservis	12,165	1	-	12,489
5	As-Promet	145,830	9	-	3,000
6	Delta Pomfrit	632,443	24	-	105,305
7	Dinamanti	17,650	1	-	6,179
8	Dredhëza	9,797	12	-	4,950
9	Etlinger	14,333	1	-	-
10	Eurofruti	1,260,788	104	30,000	-
11	Fidanishtja Zahiri	17,952	2	-	4,442
12	Fruti	21,319	3	-	8,250
13	Fungo FF	122,740	28	10,000	-
14	Halim Dervishi	30,360	2	-	3,476
15	Hit - Flores	633,506	160	100,000	5,000
16	Ideal Gashi	2,550	-	-	15,000
17	INP	375,204	14	-	26,800
18	Juniperi Fructus	42,462	32	5,000	10,000
19	KB Qingjat e Sharrit	144,072	13	20,000	20,000
20	Lekë Duhani	11,177	1	-	4,148
21	Moni	(26,000)	-	2,400	-
22	Pema	(30,650)	12	-	14,000
23	Pestova	4,564,950	126	-	769,504
24	Pisha	142,069	13	97,000	65,000
25	Skardus	725	4	20,000	51,600
26	Tini Commerce	342,000	-	-	2,500
27	UVB	356,300	11	-	20,000
28	Zejna	332,272	17	-	25,100
29	Blueberry Collectors	1,466,500	240	-	-
	<b>Total active clients</b>	<b>14,861,520</b>	<b>1,233</b>	<b>484,400</b>	<b>1,534,433</b>
1	Abi - Trade	90,967	-	-	-
2	Abi & Elif 19	(444,285)	1	-	-
3	Agroalbi	(8,484)	1	-	-
4	Agros	127,229	1	-	-
5	Albi	1,193,173	12	470,000	-
6	Elkos	-	-	-	-
7	KG Zahaqi	44,327	11	-	-
8	Sani	(36,233)	10	25,000	20,000
9	Vesa	55,450	(1)	-	-
10	Visari	323,130	10	-	-
	<b>Total inactive clients</b>	<b>1,345,274</b>	<b>45</b>	<b>495,000</b>	<b>20,000</b>
	<b>Grand Total</b>	<b>16,206,794</b>	<b>1,278</b>	<b>979,400</b>	<b>1,554,433</b>

### 3. Construction Cluster

Increase in sales in construction cluster represents 35.3% of total increase at project level. From 5,372 new FTE, in construction cluster there are 2,576 new jobs or 48.0% of the total increase in employment. Increase in investment represents 76.7% and in financing 83.8% of total increase. Although NewCo Silcapor is currently non-active KCBS client, the company remains the main contributor to the total increase in sales from the start of the project till now. Other contributors, from active clients, are FAN Zahir Pajaziti and Tullëtorja.

The main contributors to the increase in financing in this quarter were Tulletorja and Bejta Commerce. Tulletorja L.L.C. received equipment from Germany and also constructed part of new factory building. From original amount of €3,2 mil. that was approved in September 2007, remaining 2,9 million was disbursed to the company during this quarter from ProCredit Bank. Bejta Commerce is building new asphalt plant and the loan approved and disbursed from the bank was €2 mil.

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



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

No.	Company name	Increase in sales	Increase in FTE	Increase in Financing	Increase in Investment
1	Ana	81,768	14	20,000	33,000
2	As	272,980	50	-	189,000
3	Bejta Commerce	824,352	199	3,200,000	1,834,050
4	Brest PMP	379,288	20	50,000	59,700
5	Eko-Kim	(4,970)	3	-	8,500
6	Eskavatori	793,930	76	100,000	1,894,000
7	FAN Zahir Pajaziti	9,921,530	303	1,400,000	3,810,516
8	Fetoshi	854,316	15	-	2,105,000
9	Gacaferri	1,174,640	107	-	399,217
10	Graniti	1,457,388	10	-	305,500
11	KAG Asphalt	685,460	56	550,000	1,054,105
12	Kamilja	659,580	42	-	24,000
13	Korenica	860,214	116	550,000	1,161,300
14	Kosova Plast	16,327	(7)	-	45,000
15	Lin Projekt	660,463	9	-	8,000
16	Niti Com	35,210	2	15,000	38,500
17	Papenburg & Adriani	(4,604,038)	154	-	518,694
18	Renelual Tahiri	1,954,608	13	-	440,000
19	Tefik Çanga	195,070	24	-	33,000
20	Tulletorja LLC	4,950,912	301	6,100,000	5,117,177
21	Ukaj	1,143,689	162	825,000	1,235,110
22	Vëllezërit e bashkuar	1,141,459	31	-	166,000
	<b>Total active clients</b>	<b>23,454,176</b>	<b>1,700</b>	<b>12,810,000</b>	<b>20,479,369</b>
1	Aragonit	-	-	-	-
2	Brovina	468,537	20	-	65,000
3	Eurokos	283,770	1	-	22,000
4	Famis Commerce	-	-	-	-
5	Kopaonik	-	-	-	-
6	Korrotica JSC	1,360,576	60	250,000	1,087,500
7	Lesna	234,066	68	-	80,000
8	Markovic	-	-	-	-
9	New Co. Silcapor	11,004,845	692	1,722,000	3,911,000
10	Vëllezërit Rama	(2,988)	5	-	5,000
11	Wood Combine New Co	693,921	30	-	52,000
	<b>Total inactive clients</b>	<b>14,042,727</b>	<b>876</b>	<b>1,972,000</b>	<b>5,222,500</b>
	<b>Grand Total</b>	<b>37,496,903</b>	<b>2,576</b>	<b>14,782,000</b>	<b>25,701,869</b>

## KCBS Quarterly PBMS Report

### Summary of Quarterly Results

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

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	Q1 2008 Actual	Q2 2008 Actual	Q3 2008 Actual	Q4 2008 Actual	2008 To Date
<b>1.3</b>	<b>Accelerated Private Sector Growth</b>													
Indicators														
1	Value of company profit taxes collected	Euros	2003	28,412,404	42,840,000	39,228,497	38,054,639	57,430,732	43,800,000	12,933,800	12,774,389			25,708,189
2 (AR)	Exports as a percentage of imports	Percent	2003	3.70%	4.90%	5.59%	6.11%	8.72%	12%	11.29%	10.53%			10.53%
<b>1.3.1</b>	<b>Increased Competitiveness of Targeted Clusters</b>													
Indicators														
1	Increase in sales among targeted enterprises (Revised indicator by KCBS)	Euro	2003	0	35,755,626	6,682,433	34,720,638	84,505,327	50,000,000	12,930,333	8,878,607			106,314,267
1a.	% increase in sales over current baseline -€ 147,504,611-(Revised indicator by KCBS)	Percent			0	22.2%	44.5%	66.0%	30%	70.4%	72.1%			72.1%
2 (AR)	Jobs created within targeted clusters	Number	2003	0	0	327	1860	4,199	1,700	643	530			5,372
2a.	Jobs created within targeted clusters (Revised targets of KCBS)	Number	2003	0	0	327	1860	4,199	5,000	643	530			5,372
3	Labor productivity among targeted enterprises	Number	2005	0	0	-11%	-9%	16.6%	20%					Reported annually
<b>1.3.1.1</b>	<b>Improved Productive Capacity of Private Enterprises</b>													
Indicators														
1	Increased capital investment among targeted enterprises	Number	2004	0	0	2,341,908	20,985,588	30,941,217	5,000,000	785,024	1,801,486			33,527,727
<b>1.3.1.2</b>	<b>Improved Quality Control</b>													
Indicators														
1	Number and type of standards approved by target associations	Number	2004	0	0	0	0	0						Not monitored
<b>1.3.1.3</b>	<b>Strengthened Capacity to Access Credit</b>													
Indicators														
1	Increased financing among targeted enterprises	Euro	2003	0	0	2,081,375	9,664,300	11,175,700	16,000,000	140,000	6,318,000			17,633,700

## KCBS Quarterly PBMS Report

### Summary of Quarterly Results

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

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	Q1 2008 Actual	Q2 2008 Actual	Q3 2008 Actual	Q4 2008 Actual	2008 To Date
<b>1.3.2 Improved Business Operating Environment</b>														
Indicators														
1 (AR)	Number of companies registered - two quarters	Number	2003	30,966	40,703	48,497	65,051	60,308	54,000	61,373	65,533			65,533
2	Business Environment Index (reduction of business constrains)													Not monitored
	a. Cost to create collateral - % of income per capita	Percent	2004	22.0%		N/A	0	0						
	b. Private bureau coverage - number of borrowers per 1000 capita	Number	2004	46.8		N/A	0	0						
	c. Cost of enforcing contracts - cost as a % of debt.	Percent	2004	29.0%		N/A	0	0						
	d. Number of unresolved claims	Number	2004	N/A		N/A	0	0						
<b>1.3.2.1 Strengthened Business Consulting Services</b>														
Indicators														
1	Number of businesses using business consulting services	Number	2004	0	0	N/A	0	636	TBD	22	32			690
<b>1.3.2.2 Improved Capacity for Policy Dialog</b>														
Indicators														
1	Number of Private-Public Task Group irecommendations implemented	Number	2004	0	0	N/A	0	0	TBD	0	0	0	0	0
<b>1.3.2.3 Business Associations Responsive to Client Needs</b>														
Indicators														
1	Number of associations with approved strategic plans	Number	2004	0	0	7	7	9	20	9	9	0	0	9
2	Percent of non-donorrevenues generated by the associations	Percent	2003	0	0	4>50%	4>40%	6>40%	14>80%	6>40%	7>40%	0	0	7>40%
3	Number of associations employing non-volunteer staff	Number	2004	0	0	7	12	12	14	13	13	0	0	13

## KCBS Quarterly PBMS Report

### Annual Goals and Results

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

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2004 Target	2004 Actual	2005 Target	2005 Actual	2006 Target	2006 Actual	2007 Target	2007 Actual	2008 Target	2008 Actual
<b>1.3</b>	<b>Accelerated Private Sector Growth</b>													
Indicators														
1	Value of company profit taxes collected	Euros	2003	28,412,404	34,100,000	42,840,000	38,200,000	39,228,497	40,500,000	38,054,639	42,100,000	57,430,732	43,800,000	25,708,189
2 (AR)	Exports as a percentage of imports	Percent	2003	3.70%	4.00%	4.90%	6%	5.59%	8%	6.11%	10%	8.72%	12.00%	10.53%
<b>1.3.1</b>	<b>Increased Competitiveness of Targeted Clusters</b>													
Indicators														
1	Increase in sales among targeted enterprises	Euro	2003	0	0	35,755,626	10,000,000	6,682,433	20,000,000	34,720,638	35,000,000	84,505,327	50,000,000	106,314,267
	% increase in sales over current baseline (€147,504,611)	Percent	2004	0	0	0	5.0%	22.2%	10.0%	44.5%	20.0%	66.0%	30.0%	72.1%
2 (AR)	Jobs created within targeted clusters	Number	2003	0	0	0	200	327	600	1,860	1,100	4,199	1,700	5,372
2a.	Jobs created within targeted clusters (Revised targets of KCBS)	Number	2003	0	0	0	400	327	1000	1,860	3,000	4,199	5,000	5,372
3	Labor productivity among targeted enterprises	Number	2005	0	0	0	5%	-11%	10%	-9%	15%	16.6%	20%	Reported annually
<b>1.3.1.1</b>	<b>Improved Productive Capacity of Private Enterprises</b>													
Indicators														
1	Increased capital investment among targeted enterprises	Number	2004	0	0	0	1,500,000	7,881,475	3,000,000	20,985,588	4,000,000	30,941,217	5,000,000	33,527,727
<b>1.3.1.2</b>	<b>Improved Quality Control</b>													
Indicators														
1	Number and type of standards approved by target associations	Number	2004	0	0	0	0	0	0	0	0	0	0	Not monitored
<b>1.3.1.3</b>	<b>Strengthened Capacity to Access Credit</b>													
Indicators														
1	Increased financing among targeted enterprises	Euro	2003	0	0	0	3,000,000	3,380,200	6,000,000	9,664,300	10,000,000	11,175,700	16,000,000	17,633,700

## KCBS Quarterly PBMS Report

### Annual Goals and Results

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

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2004 Target	2004 Actual	2005 Target	2005 Actual	2006 Target	2006 Actual	2007 Target	2007 Actual	2008 Target	2008 Actual
<b>1.3.2</b>	<b>Improved Business Operating Environment</b>													
<b>Indicators</b>														
1 (AR)	Number of companies registered - two quarters	Number	2003	30,966	37,000	40,703	42,000	48,497	47,000	65,051	51,000	60,308	54,000	65,533
2	Business Environment Index (reduction of business constrains)													
	a. Cost to create collateral - % of income per capita	Percent	2004	22.0%			N/A	N/A	16.0%	0	12.0%	0	8.0%	Not monitored
	b. Private bureau coverage - number of borrowers per 1000 capita	Number	2004	46.8			N/A	N/A	100.0	0	200.0	0	400.0	
	c. Cost of enforcing contracts - cost as a % of debt.	Percent	2004	29.0%			N/A	N/A	26.0%	0	23.0%	0	20.0%	
	d. Number of unresolved claims	Number	2004	N/A			N/A	N/A		0				
<b>1.3.2.1</b>	<b>Strengthened Business Consulting Services</b>													
<b>Indicators</b>														
1	Number of businesses using business consulting services	Number	2004	0	0	0	N/A	N/A	TBD	0		636		690
<b>1.3.2.2</b>	<b>Improved Capacity for Policy Dialog</b>													
<b>Indicators</b>														
1	Number of Private-Public Task Group irecommendations implemented	Number	2004	0	0	0	N/A	N/A	TBD	0				0
<b>1.3.2.3</b>	<b>Business Associations Responsive to Client Needs</b>													
<b>Indicators</b>														
1	Number of associations with approved strategic plans	Number	2004	0	0	0	6	7	10	7	14	9	20	9
2	Percent of non-donorrevenues generated by the associations	Percent	2003	0	0	0	4>50%	4>50%	7>70%	4>40%	10>80%	6>40%	14>80%	7>40%
3	Number of associations employing non-volunteer staff	Number	2004	0	0	0	3	7	5	12	8	12	14	13





## RECORD OF TRAININGS PERFORMED DURING THE QUARTER

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

**None.**

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

Date	Location		Objective of the Training	Training Presenter(s)	Attendees		Approx Dur'n
	Place	Village/ Municipality			M	F	
01.25.08	KCBS	Pristina	Post-harvest refrigeration seminar	Henry Bonar	11	4	4 hr
01.31.08	KCBS	Pristina	Marketing for Associations	KCBS (Todd Kirkbride)	7	10	3 hr
02.05.08	KACP	Pristina	Annual Meeting of KACP	KACP	21	3	4 hr
02.07.08	KCBS	Pristina	Marketing for Associations	KCBS (Todd Kirkbride)	10	11	1.5 hr
02.14.08	Prizren	Prizren	HACCP Implementation	Katarina Kostandinova STTA	25	0	1 hr
02.21.08	Lipjan	Lipjan	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	19	9	4 hr
02.22.08	RCAK	Pristina	Annual Meeting of RCAK	RCAK	41	1	4 hr
02.26.08	Rahovec	Rahovec	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	30	0	4 hr
02.27.08	Bllagaje	Peja	Cold storage and pruning equipment	Feriz Ademi	20	5	3 hr
02.27.08	Gjakovë	Gjakovë	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	88	0	4 hr
02.28.08	MAFRD	Pristina	Milk Quality Payment Scheme	Flamur Kadriu	25	0	3 hr

## RECORD OF TRAININGS PERFORMED DURING THE QUARTER

Date	Location		Objective of the Training	Training Presenter(s)	Attendees		Approx Dur'n
	Place	Village/ Municipality			M	F	
03.04.08	Shtime	Shtime	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	21	0	4 hr
03.05.08	Ag. Faculty	Pristina	Introduction of new sheep breed (Lacaune)	Hajrip Mehmeti	28	2	4 hr
03.12.08	Qyshk	Peja	Global Gap Implementation	Mihallaq Kongo, STTA	8	0	3.5 hr
03.12.08	Pejë	Pejë	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	22	2	4 hr
03.13.08	Gjilan	Gjilan	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	20	1	4 hr
03.13.08	MAFRD	Pristina	Training for phytosanitary inspectors	Jim Stanella	7	2	2.5 hr
03.14.08	Qyshk	Peja	Global Gap Implementation	Mihallaq Kongo, STTA	6	0	3.5 hr
03.20.08	Viti	Viti	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	22	1	4 hr
03.20.08	Podujeve	Podujeve	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	14	1	4 hr
03.24.08	Barilevë	Pristina	Setup of MCC/ Milk quality training	KCBS	0	15	2 hr
03.25.08	Pristina	Pristina	Training on improving new technology	KCBS (Milazim)	6	1	1.5 hr
03.26.08	Hotel Victory	Pristina	Dairy research presentation	Vigan Behluli, Fatmir Selimi, Alajdin Fusha, Suzana Aliu	21	2	3 hr
03.27.08	Mitrovicë	Mitrovicë	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	40	1	4 hr
03.28.08	Prizren	Prizren	Dissemination of KCBS information	KCBS (Arben, Milazim, Gursel)	43	0	4 hr

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**AWARDS BY CLUSTER**

KCBS Cluster	Total Approved €	Total Approved \$	Total Disbursed €	Total Disbursed \$	Remaining from Approved		
					To Be Reimbursed in €	Remaining Amount / Activities Closed €*	Total in €
Livestock	€ 763,357	\$ 997,226	€ 692,774	\$ 906,446	€ 47,645	€ 22,938	€ 70,583
Fruits & Vegetables	€ 395,062	\$ 535,339	€ 264,016	\$ 358,891	€ 64,887	€ 7,674	€ 72,561
Construction Materials	€ 215,215	\$ 301,698	€ 181,608	\$ 255,058	€ 29,341	€ 4,266	€ 33,607
General Business Support	€ 679,622	\$ 865,913	€ 565,248	\$ 747,486	€ 48,113	€ 66,261	€ 114,374
<b>Grand Total</b>	<b>€ 2,053,255</b>	<b>\$ 2,700,176</b>	<b>€ 1,703,646</b>	<b>\$ 2,267,881</b>	<b>€ 189,985</b>	<b>€ 101,139</b>	<b>€ 291,124</b>

**AWARDS BY TYPES**

Types of Awards	Total Approved €	Total Approved \$	Total Disbursed €	Total Disbursed \$	Remaining from Approved		
					To Be Reimbursed in €	Remaining Amount / Activities Closed €*	Total in €
Grants	€ 1,316,964	\$ 1,736,935	€ 1,003,046	\$ 1,354,763	€ 164,827	€ 90,606	€ 255,433
Fixed Price Subcontracts	€ 672,554	\$ 881,448	€ 639,502	\$ 834,390	€ 25,158	€ 7,895	€ 33,053
Procurement of Goods	€ 63,737	\$ 81,793	€ 61,098	\$ 78,727	€ -	€ 2,639	€ 2,639
<b>Grand Total</b>	<b>€ 2,053,255</b>	<b>\$ 2,700,176</b>	<b>€ 1,703,646</b>	<b>\$ 2,267,881</b>	<b>€ 189,985</b>	<b>€ 101,139</b>	<b>€ 291,124</b>

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

Average Exchange Rate for Project Disbursements to date is \$1.3312 to One Euro

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Type of Award	SAF Tracking No.	Awardees	Amount Approved Euro	Amount Approved \$	Date Signed	Award Term		Actual Ending Date	Total Disbursed Euro	Total Disbursed \$	Total Remaining/Approved		Status
						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
<b>Livestock Cluster</b>													
<b>Grants</b>	LC-SGA-003	AGROCOOP	€ 14,060	\$ 16,940	23-Sep-2005	26-Sep-2005	26-Aug-2006	26-Aug-2006	€ 5,466	\$ 6,674	€ -	€ 8,594	CLOSED
	LC-SGA-010	FAUNA	€ 24,015	\$ 28,934	5-Jan-2006	5-Jan-2006	4-Jan-2007	4-Jan-2007	€ 21,693	\$ 26,666	€ -	€ 2,322	CLOSED
	LC-SGA-011	ASSOC. OF WHEAT SEED CULTIVATORS	€ 5,800	\$ 6,988	18-Jan-2006	18-Jan-2006	18-Jun-2006	18-Jun-2006	€ 3,685	\$ 4,608	€ -	€ 2,115	CLOSED
	LC-SGA-015	KAMP	€ 38,435	\$ 46,872	24-Apr-2006	25-Apr-2006	25-Aug-2006	25-Aug-2006	€ 38,432	\$ 49,827	€ -	€ 4	CLOSED
	LC-SGA-016	GRAUFI	€ 17,720	\$ 21,349	24-Mar-2006	26-Mar-2006	25-Aug-2006	25-Aug-2006	€ 17,660	\$ 22,778	€ -	€ 60	CLOSED
	LC-SGA-018	KAMP	€ 1,600	\$ 1,951	16-May-2006	16-May-2006	16-Jun-2006	16-Jun-2006	€ 1,600	\$ 2,078	€ -	€ -	CLOSED
	LC-SGA-021	PTU Vuksavljevic Family	€ 9,500	\$ 12,338	13-Jul-2006	12-Jul-2006	11-Jul-2007	11-Jul-2007	€ 9,500	\$ 12,338	€ -	€ -	CLOSED
	LC-SGA-022	SHPUK	€ 38,650	\$ 50,195	27-Sep-2006	27-Sep-2006	26-Sep-2007	26-Sep-2007	€ 36,000	\$ 48,234	€ -	€ 2,650	CLOSED
	LC-SGA-023	SHPUK	€ 38,700	\$ 50,260	27-Sep-2006	27-Sep-2006	26-Sep-2007	26-Sep-2007	€ 36,940	\$ 48,605	€ -	€ 1,760	CLOSED
	LC-SGA-025	AGROHIT	€ 2,000	\$ 2,564	13-Oct-2006	13-Oct-2006	12-Nov-2007	12-Nov-2007	€ 2,000	\$ 2,597	€ -	€ -	CLOSED
	LC-SGA-029	Legiendasi Farm	€ 10,280	\$ 13,179	22-Nov-2006	24-Nov-2006	23-Nov-2007	23-Nov-2007	€ 10,280	\$ 13,351	€ -	€ -	CLOSED
	LC-SGA-046	Zlatno Runo / Golden Fleece	€ 4,590	\$ 6,375	24-May-2007	1-Jun-2007	31-May-2008		€ 3,397	\$ 4,825	€ 1,193	€ -	
	LC-SGA-051	BYLMETI	€ 9,134	\$ 12,512	27-Aug-2007	27-Aug-2007	31-Dec-2007	31-Dec-2007	€ 9,134	\$ 12,512	€ -	€ -	CLOSED
	LC-SGA-049	AGROHIT	€ 4,862	\$ 6,660	4-Sep-2007	1-Sep-2007	28-Feb-2008		€ 3,765	\$ 5,516	€ 1,097	€ -	
	LC-SGA-053	FA AJKA	€ 7,180	\$ 9,836	24-Sep-2007	24-Sep-2007	24-Jun-2008		€ 2,250	\$ 3,358	€ 4,930	€ -	
	LC-SGA-055	Shari	€ 25,050	\$ 35,786	5-Dec-2007	1-Dec-2007	30-Jun-2008		€ 10,700	\$ 15,970	€ 14,350	€ -	
	LC-SGA-056	AVES-PROM	€ 10,000	\$ 14,925	12-Dec-2007	18-Dec-2007	18-Jun-2008		€ -	\$ -	€ 10,000	€ -	
	LC-SGA-062	LESAB-KOM	€ 38,000	\$ 56,716	18-Dec-2007	8-Jan-2008	30-Jun-2008		€ 37,940	\$ 56,627	€ 60	€ -	
LC-SGA-060	Suvo Grlo	€ 10,000	\$ 14,925	5-Feb-2008	5-Feb-2008	5-Jul-2008		€ 9,970	\$ 14,881	€ 30	€ -		
LC-SGA-061	Potok Grabac	€ 9,950	\$ 14,851	5-Feb-2008	5-Feb-2008	5-Jul-2008		€ 9,729	\$ 14,521	€ 221	€ -		
<b>Total Grants</b>			€ 319,526	\$ 424,157					€ 270,141	\$ 365,966	€ 31,881	€ 17,504	

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Type of Award	SAF Tracking No.	Awardees	Amount Approved Euro	Amount Approved \$	Date Signed	Award Term		Actual Ending Date	Total Disbursed Euro	Total Disbursed \$	Total Remaining/Approved		Status
						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
Fixed Price Subcontracts	LC-FPS-007	KAMP	€ 4,894	\$ 6,614	4-Apr-2005	4-Apr-2005	29-Apr-2005	29-Apr-2005	€ 4,894	\$ 6,525	€ -	€ -	CLOSED
	LC-FPS-008	KODAA	€ 22,297	\$ 30,131	8-Apr-2005	8-Apr-2005	11-Nov-2005	12-Nov-2005	€ 22,297	\$ 27,704	€ -	€ -	CLOSED
	LC-FPS-009	KDC	€ 23,817	\$ 32,184	8-Apr-2005	8-Apr-2005	11-Nov-2005	11-Nov-2005	€ 23,817	\$ 29,517	€ -	€ -	CLOSED
	LC-FPS-011	BIOLAB	€ 55,050	\$ 73,400	20-Jun-2005	20-Jun-2005	31-Jan-2006	1-Feb-2006	€ 55,050	\$ 66,694	€ -	€ -	CLOSED
	LC-FPS-012	KAMP	€ 5,130	\$ 6,840	13-May-2005	13-May-2005	10-Jun-2005	10-Jun-2005	€ 3,630	\$ 4,785	€ -	€ 1,500	CLOSED
	LC-FPS-013	KODAA	€ 3,950	\$ 5,130	29-Jun-2005	29-Jun-2005	15-Aug-2005	15-Aug-2005	€ 3,950	\$ 4,891	€ -	€ -	CLOSED
	LC-FPS-021	KODAA	€ 3,690	\$ 4,446	12-Sep-2005	12-Sep-2005	19-Nov-2005	17-Nov-2005	€ 3,690	\$ 4,478	€ -	€ -	CLOSED
	LC-FPS-022	REA	€ 18,000	\$ 22,222	30-Sep-2005	3-Oct-2005	16-Oct-2006	16-Oct-2006	€ 18,000	\$ 22,546	€ -	€ -	CLOSED
	LC-FPS-023	KODAA	€ 21,076	\$ 26,020	14-Oct-2005	14-Oct-2005	30-Aug-2006	30-Aug-2006	€ 21,076	\$ 26,719	€ -	€ -	CLOSED
	LC-FPS-029	DUKAGJINI	€ 4,540	\$ 5,537	2-Nov-2005	2-Nov-2005	11-Jan-2006	20-Dec-2006	€ 4,540	\$ 5,470	€ -	€ -	CLOSED
	LC-FPS-030	REA	€ 15,750	\$ 19,207	14-Nov-2005	15-Nov-2005	15-Oct-2006	15-Oct-2006	€ 15,750	\$ 19,813	€ -	€ -	CLOSED
	LC-FPS-031	BIOLAB	€ 37,539	\$ 45,228	9-Dec-2005	10-Dec-2005	25-Jun-2006	25-Jun-2006	€ 37,539	\$ 46,990	€ -	€ -	CLOSED
	LC-FPS-032	UBO	€ 7,625	\$ 9,187	23-Dec-2005	23-Dec-2005	15-Feb-2006	15-Feb-2006	€ 7,625	\$ 9,357	€ -	€ -	CLOSED
	LC-FPS-033	IHB X	€ 2,100	\$ 2,530	12-Jan-2006	12-Jan-2006	28-Feb-2006	1-Mar-2006	€ 2,100	\$ 2,530	€ -	€ -	CLOSED
	LC-FPS-037	KDC	€ 5,321	\$ 6,411	3-Mar-2006	3-Mar-2006	18-Apr-2006	18-Apr-2006	€ 5,321	\$ 6,735	€ -	€ -	CLOSED
	LC-FPS-038	HAK	€ 14,318	\$ 17,461	21-Apr-2006	14-Apr-2006	15-Oct-2006	15-Oct-2006	€ 14,318	\$ 18,358	€ -	€ -	CLOSED
	LC-FPS-040	DUKAGJINI	€ 3,945	\$ 4,811	24-Apr-2006	24-Apr-2006	31-Aug-2006	31-Aug-2006	€ 3,945	\$ 5,071	€ -	€ -	CLOSED
	LC-FPS-041	KODAA	€ 9,790	\$ 11,939	24-Apr-2006	24-Apr-2006	15-Dec-2006	15-Dec-2006	€ 9,790	\$ 12,773	€ -	€ -	CLOSED
	LC-FPS-042	KDC	€ 9,150	\$ 11,159	24-Apr-2006	25-Apr-2006	15-Jul-2006	15-Jul-2006	€ 9,152	\$ 11,885	€ -	€ (2)	CLOSED
	LC-FPS-045	BIOLAB	€ 35,070	\$ 45,545	21-Jun-2006	10-Jul-2006	25-Jan-2007	25-Jan-2007	€ 35,070	\$ 45,492	€ -	€ -	CLOSED
	LC-FPS-046	NEW DESIGN	€ 8,990	\$ 11,675	19-Jun-2006	20-Jun-2006	15-Sep-2006	15-Sep-2006	€ 7,694	\$ 9,992	€ -	€ 1,296	CLOSED
	LC-FPS-048	KODAA	€ 2,503	\$ 3,250	21-Sep-2006	21-Sep-2006	31-Oct-2006	31-Oct-2006	€ 2,503	\$ 3,293	€ -	€ -	CLOSED
	LC-FPS-051	UBO	€ 6,965	\$ 9,045	4-Dec-2006	4-Dec-2006	26-Jan-2006	26-Jan-2006	€ 6,965	\$ 9,113	€ -	€ -	CLOSED
	LC-FPS-052	KDC	€ 4,528	\$ 5,880	27-Feb-2007	27-Feb-2007	30-May-2007	30-May-2007	€ 4,528	\$ 6,119	€ -	€ -	CLOSED
	LC-FPS-053	KODAA	€ 5,929	\$ 7,801	27-Mar-2007	27-Mar-2007	15-Nov-2007	15-Nov-2007	€ 5,929	\$ 8,517	€ -	€ -	CLOSED
	LC-FPS-054	HAK	€ 8,844	\$ 11,637	12-Apr-2007	10-Apr-2007	15-Nov-2007	15-Nov-2007	€ 8,844	\$ 12,373	€ -	€ -	CLOSED
	LC-FPS-055	UBO Consulting	€ 2,460	\$ 3,417	11-Jun-2007	6-Jun-2007	11-Jul-2007	11-Jul-2007	€ 2,460	\$ 3,324	€ -	€ -	CLOSED
	LC-FPS-057	INFORMATIKA	€ 9,150	\$ 12,534	4-Sep-2007	6-Sep-2007	26-Nov-2007	26-Nov-2007	€ 9,150	\$ 12,910	€ -	€ -	CLOSED
	LC-FPS-059	Prism Research	€ 19,850	\$ 28,357	16-Nov-2007	15-Nov-2007	30-Apr-2008		€ 11,910	\$ 17,776	€ 7,940	€ -	CLOSED
	LC-FPS-062	KODAA	€ 4,928	\$ 7,355	17-Mar-2008	10-Mar-2008	20-Sep-2008		€ -	\$ -	€ 4,928	€ -	CLOSED

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Type of Award	SAF Tracking No.	Awardees	Amount Approved Euro	Amount Approved \$	Date Signed	Award Term		Actual Ending Date	Total Disbursed Euro	Total Disbursed \$	Total Remaining/Approved		Status
						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
	LC-FPS-063	HAK	€ 2,896	\$ 4,322	14-Mar-2008	10-Mar-2008	31-Jul-2008		€ -	\$ -	€ 2,896	€ -	
<b>Total FPS</b>			€ 380,094	\$ 491,276					€ 361,535	\$ 461,753	€ 15,764	€ 2,795	

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						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
Procurement of Goods	LC-POG-001	KOSOVO VET. LAB.	€ 18,397	\$ 22,712				2-Nov-2005	€ 18,397	\$ 22,712	€ -	€ -	CLOSED
	LC-POG-002	KOSOVO VET. LAB.	€ 3,800	\$ 4,935				19-Jun-2006	€ 3,800	\$ 4,935	€ -	€ -	CLOSED
	LC-POG-003	MCC Equipment (FO)							€ 9,184	\$ 11,828	€ -	€ -	CLOSED
	LC-POG-003	MCC Equipment (HO)	€ 30,000	\$ 38,961	21-Jun-2006				€ 19,650	\$ 25,193	€ -	€ 1,166	CLOSED
	LC-POG-004	Pregnant Lambs	€ 11,540	\$ 15,185	26-Apr-2007				€ 10,067	\$ 14,059	€ -	€ 1,473	CLOSED
<b>Total Procurement</b>			<b>€ 63,737</b>	<b>\$ 81,793</b>					<b>€ 61,098</b>	<b>\$ 78,727</b>	<b>€ -</b>	<b>€ 2,639</b>	
<b>Total Livestock Cluster</b>			<b>€ 763,357</b>	<b>\$ 997,226</b>					<b>€ 692,774</b>	<b>\$ 906,446</b>	<b>€ 47,645</b>	<b>€ 22,938</b>	

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						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
<b>Fruits And Vegetables</b>													
<b>Grants</b>	FV-SGA-012	PESTOVA	€ 35,000	\$ 42,169	4-Feb-2006	4-Feb-2006	4-Dec-2006	4-Dec-2006	€ 34,000	€ 44,156	€ -	€ 1,000	<b>CLOSED</b>
	FV-SGA-014	FRUTI	€ 8,600	\$ 10,617	13-Mar-2006	13-Mar-2006	13-Jul-2006	13-Jul-2006	€ 8,452	\$ 10,651	€ -	€ 148	<b>CLOSED</b>
	FV-SGA-019	HAK	€ 6,240	\$ 7,899	26-May-2006	26-May-2006	25-Nov-2006	25-Nov-2006	€ 6,061	€ 7,871	€ -	€ 179	<b>CLOSED</b>
	FV-SGA-024	KAD	€ 28,620	\$ 37,169	4-Jan-2007	4-Jan-2007	3-Jan-2008	3-Jan-2008	€ 25,454	€ 35,021	€ -	€ 3,166	<b>CLOSED</b>
	FV-SGA-030	AS Promet	€ 30,665	\$ 39,825	4-Jan-2007	4-Jan-2007	3-Jan-2008	3-Jan-2008	€ 30,664	€ 42,906	€ -	€ 1	<b>CLOSED</b>
	FV-SGA-031	Agrocompany	€ 21,890	\$ 28,429	4-Jan-2007	4-Jan-2007	3-Jan-2008	3-Jan-2008	€ 21,860	€ 29,360	€ -	€ 30	<b>CLOSED</b>
	FV-SGA-032	Juniperi Fructus	€ 26,650	\$ 34,610	4-Jan-2007	4-Jan-2007	3-Jan-2008	3-Jan-2008	€ 23,500	€ 31,541	€ -	€ 3,150	<b>CLOSED</b>
	FV-SGA-042	UVB	€ 38,567	\$ 50,746	30-Mar-2007	4-Apr-2007	3-Apr-2008		€ 38,567	€ 54,175	€ -	€ -	
	FV-SGA-043	Pema	€ 29,620	\$ 38,974	19-Apr-2007	18-Apr-2007	18-Apr-2008		€ 28,898	€ 39,514	€ 722	€ -	
	FV-SGA-045	Scardus	€ 25,000	\$ 33,333	8-May-2007	10-May-2007	9-May-2008		€ 25,000	€ 34,247	€ -	€ -	
	FV-SGA-047	Agropoduct Commerce	€ 9,000	\$ 12,500	24-May-2007	1-Jun-2007	31-May-2008		€ 8,500	€ 11,644	€ 500	€ -	
	FV-SGA-054	Las Pallmas	€ 25,000	\$ 35,714	14-Dec-2007	18-Dec-2007	18-Jun-2008		€ 5,000	€ 7,463	€ 20,000	€ -	
	FV-SGA-057	P.P. Novele	€ 7,150	\$ 10,672	6-Feb-2008	6-Feb-2008	6-May-2008		€ 3,950	€ 5,896	€ 3,200	€ -	
	FV-SGA-058	SCARDUS	€ 30,750	\$ 45,896	6-Feb-2008	6-Feb-2008	6-May-2008		€ 18,500	€ 27,612	€ 12,250	€ -	
FV-SGA-059	As-Promet	€ 20,450	\$ 30,522	6-Feb-2008	6-Feb-2008	6-May-2008		€ 12,940	€ 19,313	€ 7,510	€ -		
FV-SGA-065	P.P. Brnjak	€ 43,800	\$ 65,373	6-Feb-2008	6-Feb-2008	6-May-2008		€ 23,095	€ 34,470	€ 20,705	€ -		
<b>Total Grants</b>			€ 387,002	\$ 524,447					€ 255,956	\$ 348,548	€ 64,887	€ 7,674	
<b>Fixed Price Subcontracts</b>	FV-FPS-005	PESTOVA	€ 1,450	\$ 1,959	29-Mar-2005	29-Mar-2005	21-Oct-2005	21-Oct-2005	€ 1,450	\$ 1,820	€ -	€ -	<b>CLOSED</b>
	FV-FPS-006	ANADRINI	€ 3,260	\$ 4,405	30-Mar-2005	30-Mar-2005	4-Nov-2005	4-Nov-2005	€ 3,260	\$ 4,115	€ -	€ -	<b>CLOSED</b>
	FV-FPS-050	LUANI	€ 3,350	\$ 4,527	14-Nov-2007	20-Nov-2007	31-Jan-2007	31-Jan-2007	€ 3,350	\$ 4,408	€ -	€ -	<b>CLOSED</b>
<b>Total FPS</b>			€ 8,060	\$ 10,892					€ 8,060	\$ 10,343	€ -	€ -	
<b>Procurement of Goods</b>											€ -	€ -	
											€ -	€ -	
											€ -	€ -	
<b>Total Procurement</b>			€ -	\$ -					€ -	\$ -	€ -	€ -	
<b>Total F &amp; V Cluster</b>			€ 395,062	\$ 535,339					€ 264,016	\$ 358,891	€ 64,887	€ 7,674	

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						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
<b>Construction Materials Cluster</b>													
Grants	CM-SGA-001	RCAK	€ 12,677	\$ 16,463	12-Jul-2005	13-Jul-2005	20-Oct-2005	15-Dec-2005	€ 11,449	\$ 14,007	€ -	€ 1,228	CLOSED
	CM-SGA-002	AWPK	€ 12,620	\$ 15,580	15-Aug-2005	15-Aug-2005	15-Nov-2005	16-Jan-2006	€ 10,032	\$ 12,297	€ -	€ 2,588	CLOSED
	CM-SGA-027	NITI - COM	€ 8,500	\$ 10,897	21-Nov-2006	22-Nov-2006	21-Nov-2007	21-Nov-2007	€ 8,500	\$ 11,039	€ -	€ -	CLOSED
	CM-SGA-028	EKO - KIM	€ 8,500	\$ 10,897	21-Nov-2006	22-Nov-2006	21-Nov-2007	21-Nov-2007	€ 8,500	\$ 11,039	€ -	€ -	CLOSED
	CM-SGA-063	BACKO Trade	€ 40,000	\$ 59,701	18-Dec-2007	8-Jan-2008	8-May-2008		€ 19,857	\$ 29,637	€ 20,143	€ -	
	CM-SGA-064	FERODA	€ 25,341	\$ 37,822	17-Dec-2007	23-Jan-2008	23-Apr-2008		€ 20,272	\$ 30,257	€ 5,069	€ -	
	CM-SGA-066	NPT UKAJ	€ 4,129	\$ 6,163	12-Mar-2008	10-Mar-2008	10-Apr-2008				€ 4,129		
<b>Total Grants</b>			€ 111,767	\$ 157,524					€ 78,610	\$ 108,276	€ 29,341	€ 3,816	
Fixed Price Subcontracts	CM-FPS-001	Naser Kabashi	€ 6,500	\$ 8,784	16-Jun-2005	4-Jan-2005	31-May-2005		€ 6,500	\$ 7,927	€ -	€ -	CLOSED
	CM-FPS-004	AWPK	€ 2,130	\$ 2,878	22-Mar-2005	22-Mar-2005	8-Apr-2005	8-Apr-2005	€ 2,130	\$ 2,855	€ -	€ -	CLOSED
	CM-FPS-028	PARADISO	€ 6,710	\$ 8,183	20-Oct-2005	24-Oct-2004	10-Nov-2005		€ 6,710	\$ 8,183	€ -	€ -	CLOSED
	CM-FPS-036	IBMS INSTITUTE	€ 3,500	\$ 4,321	17-Feb-2006	1-Jul-2005	31-Mar-2006	31-Mar-2006	€ 3,500	\$ 4,217	€ -	€ -	CLOSED
	CM-FPS-056	Riinvest	€ 9,347	\$ 12,803	15-Aug-2007	15-Aug-2007	11/31/2007	24-Jan-2008	€ 8,897	\$ 13,060	€ -	€ 450	CLOSED
	CM-FPS-058	A-DESIGN	€ 5,300	\$ 7,260	5-Sep-2007	9-Jun-2007	16-Nov-2007	12-Mar-2008	€ 5,300	\$ 7,910	€ -	€ -	CLOSED
	CM-FPS-060	EUROKOS	€ 69,961	\$ 99,944	16-Oct-2007	15-Oct-2007	31-Dec-2007	31-Dec-2008	€ 69,961	\$ 102,629	€ -	€ -	CLOSED
<b>Total FPS</b>			€ 103,448	\$ 144,174					€ 102,998	\$ 146,782	€ -	€ 450	
Procurement of Goods											€ -	€ -	
											€ -	€ -	
											€ -	€ -	
<b>Total Procurement</b>			€ -	\$ -					€ -	\$ -	€ -	€ -	
<b>Total Construction M. Cluster</b>			€ 215,215	\$ 301,698					€ 181,608	\$ 255,058	€ 29,341	€ 4,266	

**KCBS Quarterly Report  
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Type of Award	SAF Tracking No.	Awardees	Amount Approved Euro	Amount Approved \$	Date Signed	Award Term		Actual Ending Date	Total Disbursed Euro	Total Disbursed \$	Total Remaining/Approved		Status
						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
<b>General Business Support</b>													
<b>Grants</b>	GB-SGA-004	AKA	€ 35,712	\$ 43,551	8-Nov-2005	8-Nov-2005	7-Nov-2006	7-Nov-2006	€ 27,182	\$ 34,910	€ -	€ 8,530	CLOSED
	GB-SGA-005	KAMP	€ 27,233	\$ 33,211	8-Nov-2005	8-Nov-2005	7-Nov-2006	7-Nov-2006	€ 26,704	\$ 34,009	€ -	€ 530	CLOSED
	GB-SGA-006	SHPUK	€ 31,308	\$ 38,180	8-Nov-2005	8-Nov-2005	7-Nov-2006	7-Nov-2006	€ 30,780	\$ 39,096	€ -	€ 528	CLOSED
	GB-SGA-007	SCAAK	€ 12,946	\$ 15,788	18-Nov-2005	1-Dec-2005	30-Apr-2006	30-Apr-2006	€ 12,053	\$ 15,187	€ -	€ 893	CLOSED
	GB-SGA-008	AWPK	€ 39,900	\$ 48,072	20-Dec-2005	20-Dec-2005	19-Dec-2005	19-Dec-2005	€ 37,214	\$ 47,585	€ -	€ 2,686	CLOSED
	GB-SGA-009	RCAK	€ 40,130	\$ 48,349	18-Jan-2006	18-Jan-2006	18-Jan-2007	18-Jan-2007	€ 23,974	\$ 31,103	€ -	€ 16,156	CLOSED
	GB-SGA-013	KDPA	€ 29,090	\$ 35,914	15-Mar-2006	15-Mar-2006	15-Mar-2007	15-Mar-2007	€ 25,148	\$ 33,437	€ -	€ 3,942	CLOSED
	GB-SGA-017	KCC	€ 21,500	\$ 27,215	26-May-2006	26-May-2006	26-Jul-2006	26-Aug-2006	€ 18,740	\$ 24,338	€ -	€ 2,760	CLOSED
	GB-SGA-020	MCI	€ 46,000	\$ 58,228	26-May-2006	10-May-2006	10-Oct-2006	10-Oct-2006	€ 45,961	\$ 59,170	€ -	€ 39	CLOSED
	GB-SGA-026	BCC	€ 28,750	\$ 36,392	17-Oct-2006	1-Nov-2006	31-Oct-2007	31-Dec-2007	€ 8,032	\$ 10,731	€ -	€ 20,718	Suspended
	GB-SGA-033	PIRAMIDA	€ 12,233	\$ 15,887	22-Jan-2007	22-Jan-2007	21-Jan-2007	21-Jan-2007	€ 12,229	\$ 16,491	€ -	€ 4	CLOSED
	GB-SGA-034	AKA	€ 19,000	\$ 25,000	12-Feb-2007	9-Feb-2007	8-Feb-2008	8-Feb-2008	€ 18,775	\$ 26,546	€ -	€ 225	CLOSED
	GB-SGA-035	KAMP	€ 18,990	\$ 24,662	9-Feb-2007	9-Feb-2007	8-Feb-2008		€ 16,120	\$ 22,965	€ 2,870	€ -	
	GB-SGA-036	SHPUK	€ 16,800	\$ 22,105	9-Feb-2007	9-Feb-2007	8-Feb-2008	8-Feb-2008	€ 16,728	\$ 23,986	€ -	€ 72	CLOSED
	GB-SGA-037	AWPK	€ 14,715	\$ 19,362	9-Feb-2007	9-Feb-2007	8-Feb-2008	8-Feb-2008	€ 13,551	\$ 18,706	€ -	€ 1,164	CLOSED
	GB-SGA-038	RCAK	€ 24,500	\$ 32,237	30-Mar-2007	2-Apr-2007	1-Apr-2008		€ 17,969	\$ 25,550	€ 6,531	€ -	
	GB-SGA-039	AKB	€ 15,630	\$ 20,566	26-Mar-2007	15-Mar-2007	14-Jul-2008	15-Nov-2007	€ 14,126	\$ 20,629	€ -	€ 1,504	CLOSED
	GB-SGA-040	AKB	€ 4,920	\$ 6,474	26-Mar-2007	15-Apr-2007	14-Jul-2008	15-Nov-2007	€ 4,920	\$ 7,343	€ -	€ -	CLOSED
	GB-SGA-041	Am Cham	€ 13,500	\$ 17,763	15-Mar-2007	16-Mar-2007	15-Nov-2007	15-Nov-2007	€ 11,640	\$ 16,228	€ -	€ 1,860	CLOSED
	GB-SGA-044	KACP	€ 18,200	\$ 24,267	15-May-2007	16-May-2007	15-May-2008		€ 5,048	\$ 7,244	€ 13,152	€ -	
	GB-SGA-048	KDPA	€ 13,050	\$ 17,635	11-Jul-2007	11-Jul-2007	10-Jul-2008		€ 2,917	\$ 4,354	€ 10,133	€ -	
GB-SGA-050	KCC	€ 11,650	\$ 15,959	10-Sep-2007	1-Sep-2007	31-Aug-2008		€ 5,617	\$ 8,262	€ 6,033	€ -		
GB-SGA-052	AVENIJA	€ 2,912	\$ 3,989	5-Sep-2007	10-Sep-2007	31-Dec-2007	31-Dec-2007	€ 2,912	\$ 4,103	€ -	€ 0	CLOSED	
<b>Total Grants</b>			€ 498,669	\$ 630,807					€ 398,339	\$ 531,973	€ 38,719	€ 61,611	

**KCBS Quarterly Report  
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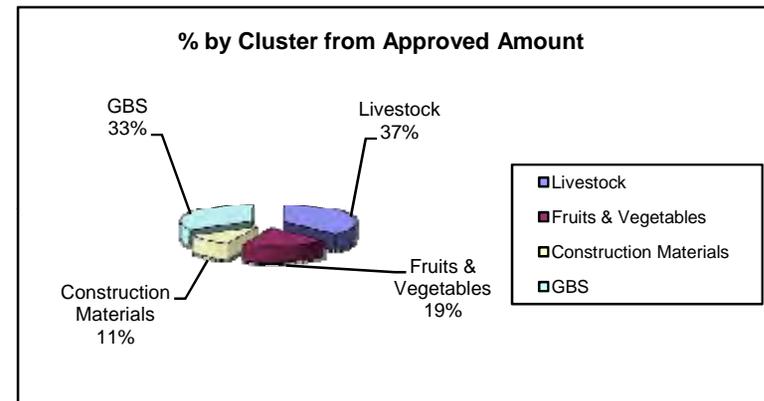
Type of Award	SAF Tracking No.	Awardees	Amount Approved Euro	Amount Approved \$	Date Signed	Award Term		Actual Ending Date	Total Disbursed Euro	Total Disbursed \$	Total Remaining/Approved		Status
						Started	End				To Be Reimbursed Euro	Remaining Amount / activity closed Euro	
Fixed Price Subcontracts	GB-FPS-002	KDC	€ 5,670	\$ 7,662	14-Jan-2005	24-Jan-2005	21-Feb-2005	21-Feb-2005	€ 5,670	\$ 7,662	€ -	€ -	CLOSED
	GB-FPS-003	INTEGRA	€ 10,312	\$ 13,935	11-Feb-2005	11-Feb-2005	24-Feb-2005	24-Feb-2005	€ 10,312	\$ 13,935	€ -	€ -	CLOSED
	GB-FPS-010	INTEGRA	€ 61,223	\$ 81,631	19-Apr-2005	15-Apr-2005	15-Jun-2005	15-Jun-2005	€ 61,223	\$ 80,716	€ -	€ -	CLOSED
	GB-FPS-014	CPWC		\$ -	12-Jul-2005	12-Jul-2005	15-Nov-2005	1-Nov-2005	€ -	\$ -	€ -	€ -	TERMINATED
	GB-FPS-015	AFAS	€ 9,505	\$ 11,881	15-Jul-2005	15-Jul-2005	30-Sep-2005	30-Sep-2005	€ 5,205	\$ 6,322	€ -	€ 4,300	CLOSED
	GB-FPS-016	PRISHTINA FILM	€ 16,800	\$ 20,741	9-Aug-2005	9-Aug-2005	24-Sep-2005	30-Sep-2005	€ 16,800	\$ 20,241	€ -	€ -	CLOSED
	GB-FPS-017	MDA	€ 1,000	\$ 1,235	29-Aug-2005	29-Aug-2005	16-Sep-2005	16-Sep-2005	€ 1,000	\$ 1,205	€ -	€ -	CLOSED
	GB-FPS-018	INTEGRA	€ 1,001	\$ 1,236	29-Aug-2005	29-Aug-2005	16-Sep-2005	16-Sep-2005	€ 1,001	\$ 1,206	€ -	€ -	CLOSED
	GB-FPS-019	MDA	€ 1,000	\$ 1,235	29-Aug-2005	29-Aug-2005	16-Sep-2005	16-Sep-2005	€ 1,000	\$ 1,205	€ -	€ -	CLOSED
	GB-FPS-020	INTEGRA	€ 1,001	\$ 1,206	12-Sep-2005	12-Sep-2005	23-Sep-2005	23-Sep-2005	€ 1,001	\$ 1,206	€ -	€ -	CLOSED
	GB-FPS-024	KAS	€ 1,500	\$ 1,852	14-Oct-2005	19-Sep-2005	14-Dec-2005	12-Dec-2005	€ 1,500	\$ 1,818	€ -	€ -	CLOSED
	GB-FPS-025	KBA	€ 1,500	\$ 1,852	13-Oct-2005	19-Sep-2005	14-Dec-2005	12-Dec-2005	€ 1,500	\$ 1,818	€ -	€ -	CLOSED
	GB-FPS-026	KCC	€ 3,000	\$ 3,704	14-Oct-2005	19-Sep-2005	14-Dec-2005	12-Dec-2005	€ 3,000	\$ 3,659	€ -	€ -	CLOSED
	GB-FPS-027	AKB	€ 3,000	\$ 3,704	12-Oct-2005	19-Sep-2005	14-Dec-2005	12-Dec-2005	€ 3,000	\$ 3,637	€ -	€ -	CLOSED
	GB-FPS-034	UBO	€ 5,800	\$ 6,988	5-Jan-2006	13-Jan-2006	17-Mar-2006	18-Mar-2006	€ 5,450	\$ 6,671	€ -	€ 350	CLOSED
	GB-FPS-035	AKB	€ 2,535	\$ 3,130	1-Feb-2006	10-Oct-2005	23-Nov-2005	24-Nov-2005	€ 2,535	\$ 3,130	€ -	€ -	CLOSED
	GB-FPS-039	WOMEN f. WOMEN	€ 5,390	\$ 6,573	13-Apr-2006	13-Apr-2006	30-Jun-2006	30-Jun-2006	€ 5,390	\$ 6,819	€ -	€ -	CLOSED
	GB-FPS-043	MDA	€ 2,491	\$ 3,153	18-May-2006	10-May-2006	30-Jun-2006	30-Jun-2006	€ 2,491	\$ 3,235	€ -	€ -	CLOSED
	GB-FPS-044	UBO	€ 29,885	\$ 37,829	22-May-2006	22-May-2006	7-Oct-2006	7-Oct-2006	€ 29,885	\$ 38,613	€ -	€ -	CLOSED
	GB-FPS-047	MDA	€ 1,950	\$ 2,532	14-Jul-2006	17-Jul-2006	15-Sep-2006	15-Sep-2006	€ 1,950	\$ 2,500	€ -	€ -	CLOSED
GB-FPS-049	MDA	€ 2,970	\$ 3,857	14-Nov-2006	15-Nov-2006	30-Dec-2006	30-Dec-2006	€ 2,970	\$ 3,908	€ -	€ -	CLOSED	
GB-FPS-061	Piramida	€ 13,420	\$ 19,171	28-Nov-2007	28-Nov-2007	30-Jun-2008		€ 4,026	\$ 6,009	€ 9,394	€ -		
<b>Total FPS</b>			€ 180,953	\$ 235,106					€ 166,909	\$ 215,513	€ 9,394	€ 4,650	
Procurement of Goods											€ -	€ -	
											€ -	€ -	
<b>Total Procurement</b>			€ -	\$ -					€ -	\$ -	€ -	€ -	
<b>Total GBS Cluster</b>			€ 679,622	\$ 865,913					€ 565,248	\$ 747,486	€ 48,113	€ 66,261	
<b>Grand Total</b>			€ 2,053,255	\$ 2,700,176					€ 1,703,646	\$ 2,267,881	€ 189,985	€ 101,139	

# KCBS Quarterly Report Strategic Activities Fund (SAF) January 2005 - March 2008

## Graphic Chart Summary

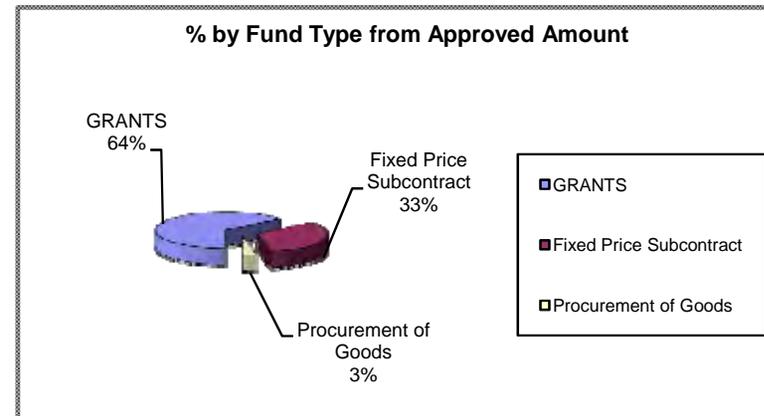
**% by Cluster from Approved Amount**

Livestock	€ 763,357	37.18%
Fruits & Vegetables	€ 395,062	19.24%
Construction Materials	€ 215,215	10.48%
GBS	€ 679,622	33.10%
<b>Grand Total</b>	<b>€ 2,053,255</b>	



**% by Fund Type from Approved Amount**

GRANTS	€ 1,316,964	64.14%
Fixed Price Subcontract	€ 672,554	32.76%
Procurement of Goods	€ 63,737	3.10%
<b>Grand Total</b>	<b>€ 2,053,255</b>	



**KCBS Quarterly Report  
Strategic Activities Fund (SAF)  
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**Fixed Price Subcontracts**

No.	Name	SAF #	Description
1	Naser Kabashi	CM - FPS - 001	Draft Standards for Cement, Aggregates and Reinforcing Steel, which will be based on European Norm [UN] standard
2	KDC	GB - FPS - 002	Facilitation of negotiations on Free Trade Agreement between Kosovar and Macedonian partners
3	INTEGRA	GB - FPS - 003	Identification of the most important constraints to businesses and recommendations for their removal
4	AWPK	CM - FPS - 004	Participation and presentation of AWPK at Kosovo Chamber of Commerce Trade Fair
5	PESTOVA	FV - FPS - 005	Potato demo plots for identification of best varieties for processing purposes
6	ANADRINI	FV - FPS - 006	Tomato and potato demo plots for identification of best varieties for processing purposes
7	KAMP	LC - FPS - 007	Field trip to Albania to meet poultry, dairy, inputs, crop and feed producers.
8	KODDA	LC - FPS - 008	Demonstration and promotion of new technologies for maize, Soya, sunflower and rape seed
9	KDC	LC - FPS - 009	Demonstration and promotion of new technologies for maize, Soya, sunflower and rape seed
10	INTEGRA	GB - FPS - 010	Preparation of WB Doing Business Index to evaluate the competitive position of local businesses
11	BIOLAB	LC - FPS - 011	Training of one hundred dairy farmers on grade A quality raw milk
12	KAMP	LC - FPS - 012	Participation in two annual livestock Trade Fairs organized by the MAFRD
13	KODAA	LC - FPS - 013	Crop production field days (winter wheat, maize and Soya) in all 30 Kosovar municipalities
14	CPWC	GB - FPS - 014	Study on constraints and barriers to economic acces for women
15	AFAS	GB - FPS - 015	Administrative, accounting and support services to KAMP and SHPUK
16	PRISTINA FILM	GB - FPS - 016	Preparation of video presentation "Investing in Kosovo"
17	MDA	GB - FPS - 017	White paper on Infrastructure deveoplment for PPD Task group I
18	INTEGRA	GB - FPS - 018	White paper on Education for PPD Task group II
19	MDA	GB - FPS - 019	White paper on Quality Standards for PPD Task group III
20	INTEGRA	GB - FPS - 020	White paper on VAT Analysis for PPD Tax Rationalization Task group
21	KODAA	LC - FPS - 021	Organization of Corn and Soybean field days.
22	REA	LC - FPS - 022	Engagement of the Dairy Cluster Implementation Coordinator
23	KODAA	LC - FPS - 023	Demonstration and promotion of new technologies for red clover, vetch, alfalfa and canola.
24	KAS	GB - FPS - 024	Chairing Private-Public Dialog task group of Education
25	KBA	GB - FPS - 025	Chairing Private-Public Dialog task group of Financial Stability
26	KCC	GB - FPS - 026	Chairing Private-Public Dialog task groups of Infrastructure and Quality Standards
27	AKB	GB - FPS - 027	Chairing Private-Public Dialog task groups of Transparency and Tax Implementation
28	PARADISO	CM - FPS - 028	Research on decorative stone production and processing methods
29	DUKAGJINI	LC - FPS - 029	Analyses of animal feed (maize silage) and recommendations for its improvement.
30	REA	LC - FPS - 030	Engagement of the Dairy Cluster Implementation Coordinator in minority regions
31	BIOLAB	LC - FPS - 031	Milk Production Improvement through training of 120 dairy commercial farmers.
32	UBO	LC - FPS - 032	Feed Grain production and trading survey
33	IHB X	LC - FPS - 033	Improvement of raw milk quality at milk collection centers of Devolli dairy
34	UBO	GB - FPS - 034	Finance fair impact analysis
35	AKB	GB - FPS - 035	Organizational, promotional and logistical support for the Finance Fair.
36	IBMS INSTITUTE	CM - FPS - 036	Standards for manufacturing of Concrete and Concrete elements.
37	KDC	LC - FPS - 037	Land quality improvement through soil testing.

**KCBS Quarterly Report  
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**Fixed Price Subcontracts**

<b>No.</b>	<b>Name</b>	<b>SAF #</b>	<b>Description</b>
38	HAK	LC - FPS - 038	Improvement of Pastures Management

**KCBS Quarterly Report  
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**Fixed Price Subcontracts**

<b>No.</b>	<b>Name</b>	<b>SAF #</b>	<b>Description</b>
39	WOMEN f WOMEN	GB - FPS - 039	Entrepreneurial trainings for women
40	DUKAGJINI	LC - FPS - 040	Alfalfa phase testing
41	KODAA	LC - FPS - 041	Demonstration and promotion of new technologies for maize, soya, sunflower and rape seed
42	KDC	LC - FPS - 042	Analyses of imported and locally produced animal feed and recommendations for its improvement.
43	MDA	GB - FPS - 043	Evaluation of the success of AWPK Trade Fair
44	UBO	GB - FPS - 044	SWOT Analysis of Business Support Services
45	BIOLAB	LC - FPS - 045	Milk Improvement Project
46	NEW DESIGN	LC - FPS - 046	Improvement of Labeling Designs for Dairy Products
47	MDA	GB - FPS - 047	Financial Management Training for Association Leaders
48	KODAA	LC - FPS - 048	Organization of Field Days on Corn Demonstration Plots in 30 Municipalities in Kosovo
49	MDA	GB - FPS - 049	Stakeholder Satisfaction Survey
50	LUJANI	FV - FPS - 050	Record Keeping & Cash Flow models
51	UBO	LC - FPS - 051	Cream Cheese Market Demand Study
52	KDC	LC - FPS - 052	Forage Testing
53	KODAA	LC - FPS - 053	Alfalfa seed multiplication trials
54	HAK	LC - FPS - 054	Establishment of pasture test plots
55	UBO	LC - FPS - 055	Market Assessment "Sheep Cheese"
56	RIINVEST	CM - FPS - 056	Forest Industry Study
57	INFORMATIKA Comp	LC - FPS - 057	Implementation of accounting systems at three poultry producers
58	A-DESIGN	CM - FPS - 058	Technical information for Insulated Materials
59	PRISM RESEARCH	LC - FPS - 059	Dairy Market Assessment Study
60	EUROKOS	CM - FPS - 060	Municipality Clean up Project
61	PIRAMIDA	GB - FPS - 061	Improving of business practices in minority regions
62	KODAA	LC - FPS - 062	Alfalfa Seed multiplication year II
63	HAK	LC - FPS - 063	Improvement of Pastures Management Year III

**KCBS Quarterly Report  
Strategic Activities Fund (SAF)  
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**Grants**

No.	Name	SAF #	Description
1	RCAK	CM - SGA - 001	Establishment of the website for the association
2	AWPK	CM - SGA - 002	Establishment of the website for the association
3	AGROCOOP	LC - SGA - 003	Establishing Service Chamber for Farmers in Multiethnic Cooperative Agrocoop
4	AKA	GB - SGA - 004	Implementation of one year strategic plan
5	KAMP	GB - SGA - 005	Implementation of one year strategic plan
6	SHPUK	GB - SGA - 006	Implementation of one year strategic plan
7	SCAAK	GB - SGA - 007	Training of accountants in minority regions on Kosovo Accounting Standards
8	AWPK	GB - SGA - 008	Implementation of one year strategic plan
9	RCAK	GB - SGA - 009	Implementation of one year strategic plan
10	FAUNA	LC - SGA - 010	Genetic improvement of dairy cattle
11	WHEAT SEED CULT	LC - SGA - 011	Publishing the book on oil crops and trainings of farmers on cultivation of oil crops
12	PESTOVA	FV - SGA - 012	New potato storage technology
13	KDPA	GB - SGA - 013	Implementation of one year strategic plan
14	FRUTI	FV - SGA - 014	Application and demonstration of new orchard technologies
15	KAMP	LC - SGA - 015	Improved technology for preparation of hay
16	GRAUFI	LC - SGA - 016	Cows hoofs treatment
17	KCC	GB - SGA - 017	Furnishing the Association Development Center within the KCC with translation equipment
18	KAMP	LC - SGA - 018	Participation in the livestock fair
19	HAK	FV - SGA - 019	Publishing the manual and providing training to farmers on orchard practices
20	MCI	GB - SGA - 020	Administration of Voucher Scheme
21	Vukosavljevic Family	LC - SGA - 021	Dairy Demonstration Farm in north part of Kosovo
22	SHPUK	LC - SGA - 022	Introduction of an Egg Laying Parent Farm
23	SHPUK	LC - SGA - 023	Application of Pelleting Technology in Feed Mill
24	KAD	FV - SGA - 024	Infrastructure improvement in existing and new nurseries
25	AGROHIT	LC - SGA - 025	Regional fair of agriculture products and machinery and
26	BCC	GB - SGA - 026	Support for Business Consultants Council strategic activities for year I
27	NITI - COM	LC - SGA - 027	Collection, sorting and compacting of PET and other waste
28	EKO - KIM	LC - SGA - 028	PET - plastic, collection, sorting and compacting
29	Legjendasi Farm	LC - SGA - 029	Presentation of new technologies in demonstration farms
30	AS Promet	FV - SGA - 030	Consolidation of warehouse and processing capacities according to HACCP standards
31	Agrocompany	FV - SGA - 031	New technologies for sorting and packing potato
32	Juniperi Fructus	FV - SGA - 032	New Technology for drying and calibrating Blueberries and Juniper berries
33	Piramida	GB - SGA - 033	Advance Accounting training in minority regions,
34	AKA	GB - SGA - 034	Implementation of AKA strategic plan for year II
35	KAMP	GB - SGA - 035	implementation of KAMP strategic plan for year II
36	SHPUK	GB - SGA - 036	implementation of SHPUK strategic plan for year II
37	AWPK	GB - SGA - 037	implementation of AWPK strategic plan for year II

**KCBS Quarterly Report  
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**Grants**

<b>No.</b>	<b>Name</b>	<b>SAF #</b>	<b>Description</b>
38	RCAK	GB -SGA - 038	Implementation of RCAK strategic plan year II

**KCBS Quarterly Report  
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**Grants**

No.	Name	SAF #	Description
39	AKB	GB - SGA - 039	Reduction of Informal Economy
40	AKB	GB - SGA - 040	Creation of AKB website
41	AmCham	GB - SGA - 041	Activity implementation for the Business Best practices series for 2007
42	UVB	FV - SGA - 042	Refrigerated Cold Storage Chamber of Apples
43	Pema	FV - SGA - 043	Application and demonstration of new technology for fruit production
44	KACP	GB - SGA - 044	Implementation of KACP Strategic plan for 2007
45	Scardus	FV - SGA - 045	Small-scale equipment for freezing and storing blueberries.
46	Golden Fleece	LC - SGA - 046	Sheep Shearing machinery
47	Agroproduct	FV - SGA - 047	Machine for cleaning and calibrating blueberries
48	KDPA	GB - SGA - 048	Implementation of KDPA strategic plan year II
49	Agrohit	LC - SGA - 049	Support for Milk Collection Centers in minority regions
50	KCC	GB - SGA - 050	Support for creation of legal office within Kosovo Chamber of Commerce
51	Bylmeti	LC - SGA - 051	Support for implementation of HACCP in Bylmeti dairy plant
52	Avenija	GB - SGA - 052	Support to the wimens mini textiel factory in Laplje Selo
53	Ajka	LC - SGA - 053	Supoprt for Creation of Milk Collection Center in Viti
54	Las Pallmas	FV - SGA - 054	Mass Production of Vegetable Transplants
55	SHARI	LC - SGA - 055	Value chain of sheep milk products in Prizren Municipality
56	AVES - PROM	LC - SGA - 056	Broiler farm and slaughter house
58	LESAK - KOM	LC - SGA - 062	Completing of Slaughtering Facility
57	BACKO TRADE	CM - SGA - 063	Construction of new production capacities and introduction of new production program for wood processing
59	FERODA	CM - SGA - 064	Wood Pellet Production for Boilers
60	SUVO Grlo	LC - SGA - 060	Improvement of agriculture production in Agriculture Cooperative Suvo Grlo
61	Potok Grabac	LC - SGA - 061	Improvement of agriculture production in Agriculture Association Fruti-Grabac
62	P.P. Novele	FV - SGA - 057	Strengthening of system of collection through assistance to collection center for wild fruit
63	SCARDUS	FV - SGA - 058	Strengthening of system for collecting and processing blueberries, mushrooms, forest fruits and juniper berries
64	AS Promet	FV - SGA - 059	Improving cold chain with particular improvements of handling and cleaning equipment.
65	P.P. Brnjak	FV - SGA - 065	Strengthening of the collection centers with particular attention to the cold chain
66	NTP UKAJ	CM - SGA - 066	Technical modification of Wintersteiger frame saw

**Construction Cluster**



**Typical bunk bed now being made by three Kosovar wood processors for export to Germany**



**Lumber loaded ready for kiln-drying. There is a severe shortage of drying capacity in Kosovo.**



**Testing concrete block samples at Vellezerit e Bashkuar's concrete plant near Prizren**



**Tulltorja resumes production after maintenance and implementing KCBS's recommendations**



**Reviewing forest areas in desperate need of pre-commercial thinning**



**Euro Fat's [Fetoshi owned] new plant goes into production of Styrofoam insulation board**

**Fruits & Vegetables Cluster**



**STTA GlobalGAP specialist from Albania advises potato farmers at Agrokopani Cooperative in Qyshku Peja on measures they must introduce for meeting GlobalGAP requirements.**



**Training of farmers at grantee, UVB, in Blagaje on the application of cold storage of apples.**



**Re-engineering of cold & freezing rooms at Agroproduct Commerce per STTA recommend's.**



**Apple growers at UVB association in Blagaje participate in a demonstration of new equipment.**



**Farmers from Fortese, Rahovac, discuss potential contracts for potatoes with Albanian processors.**

General Business Cluster



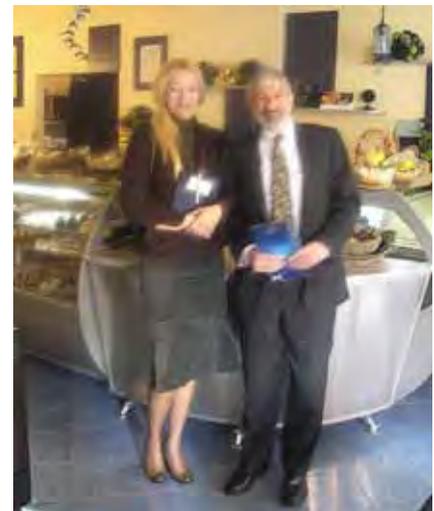
KCBS supported AKB in its campaign against the informal economy. The campaign included thirty second TV commercials to Stop the Informal Economy, and encouraging all businesses to pay their taxes.



Casting Ballots at the Annual General Meeting of the RCAF.



New Minister of Transportation, Mr. Fatmir Limaj speaks at the AGM of RCAF



The very successful Women's Association "NGO Lady" celebrates Easter at KCBS with a monster cake, and is later visited by USAID Mission Director.

**Livestock Cluster**



**Processing new product – “Mozzarella” cheese – at Abi Dairy, Prizren**



**“Sharri” cheese from cows’ milk. KCBS is working with Sharri Dairy to produce it from sheep’s milk.**



**Bylmeti dairy installs new pasteurizer – the last action prior to seeking HACCP certification; and on March 19 shows off his plant and its products to a USAID delegation including Congressman Pomeroy.**



**KCBS sponsored visit by KVFA’s lab equipment technicians to FOSS plant in Denmark for further training. On March 19 a USAID delegation including Congressman Pomeroy visited the laboratory.**

**Livestock Cluster**



**New sheep breed program - Ultrasound testing for pregnancy on imported Swiss Lacaune ewes**



**Lacaune lambs were reaching 25 kg after just two months c.f. local breed which takes three months.**



**At Taka's new broiler breeder farm hens provide day old chicks for sale to broiler farmers. KCBS is working with farmers to complete the cycle by supporting the development of a slaughtering facility.**



**KCBS Livestock Cluster gave ten presentations to ten different municipalities across Kosovo – more than 350 people attended the presentations.**



**Farmer in Istog sampling new crop of alfalfa for seed multiplication.**

KCBS Quarterly report – March 2008

**Marketing & Trade Linkages**



**KCBS puts on workshop for Association Executives on how better to market their services.**



**“A-Design” delivers a workshop on Styrofoam Insulation – the correct way to specify and install.**



**“Prism Research” conduct a Kosovo-wide Dairy Market Assessment Study using focus groups and household surveys to understand the overall current market conditions and consumer demand**



**KCBS hosts a workshop at which the findings of the Kosovo-wide Dairy Market Assessment Study, conducted by “Prism Research” company, are presented to dairy producers, processors and retailers.**