

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

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

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

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

Sustainability

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

Cost Effectiveness

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

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

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

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

Cross-Cutting Themes.

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

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

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

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

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

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

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

Appendix II - List of Project Documents Reviewed

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

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

Appendix III - List of Project Persons Interviewed

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

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

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

Appendix IV - List of Project Clients and Counterparts Interviewed

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

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

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