

Data Sheet

USAID Mission:	Kosovo
Program Title:	Private Sector Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	167-0130
Proposed FY 2004 Obligation:	\$4,750,000 AEEB
Prior Year Unobligated:	\$750,000 AEEB
Proposed FY 2005 Obligation:	\$5,600,000 AEEB
Year of Initial Obligation:	1999
Year of Final Obligation:	FY 2008

Summary: USAID's private sector growth program promotes productive investment in Kosovo, creating new sustainable employment opportunities through improving agricultural efficiency, enterprise capacity, and business operating conditions as avenues to economic efficiency and growth. Assistance will focus on technology, international product standards, and improved business plans as ways to improve management, rationalize operations, and attract domestic and foreign investment capital. A second focus is support to business associations and other organizations by enhancing their ability to provide meaningful input in the development of economic policies and laws.

Inputs, Outputs, Activities:

FY 2004 Program:

Business Development (\$2,750,000 AEEB). Assistance provided through the Kosovo Business Support program (KBS) will continue to provide business advice and promote trade and investment linkages through FY 2004. Direct assistance will be given to companies through training and technical assistance in the agribusiness and non-agribusiness sectors of dairy and poultry, vegetable and fruit processing, specialty crops, wood processing, and construction. KBS will also organize trade and investment promotional events, such as business to business meetings and trade fairs, as well as conduct export trials for client businesses. An added focus for FY 2004 will be training and technical assistance in adherence to international grades and standards. Pilot activities in this area will focus initially only on the dairy sector, with rollout to other sectors anticipated during the year. A comprehensive assessment of the KBS project will be undertaken to assist in the design of the business development project under the new strategy. Contractors: Chemonics (prime)

Agriculture (\$2,000,000 AEEB; \$750,000 AEEB carryover). Assistance in the agriculture sector is targeted to provide direct production and linkage support to agriculturalists in dairy/meat, feed grain, tree fruit, and vegetable production. Assistance to farmers will include introduction to and application of improved, appropriate production technologies through training, demonstrations, and individual technical assistance. Assistance in business planning, quality control, and marketing techniques will be expanded in all sub sectors listed above. In addition, the program will again work on expanding and strengthening linkages, partnerships, and capacity building between and within governmental and non-governmental agriculture stakeholders including the Ministry of Agriculture, Agriculture Faculty of University of Pristina, and farmers associations in the targeted sub sectors. A detailed assessment of the project will inform the design of the new agriculture sector project under the new strategy. Grantees: Save the Children (prime); International Rescue Committee-IRC (sub); International Center for Soil Fertility; Agricultural Development-IFDC (sub), Canadian Centre for International Study and Cooperation-CECI (sub); Land O'Lakes-LOL (sub); and, CARE International (sub).

FY 2005 Program:

Business Development (\$3,900,000 AEEB). USAID's private sector programs will increase the capacity of local enterprises to manufacture and produce products that can satisfy local and foreign markets on a sustainable basis. This will involve development of such business skills as strategic planning, managerial

proficiency, and access to market information. The adoption and implementation of international industry standards and quality controls will be supported. Promotion investment support, such as export trials and business to business meetings, will focus on countries that have trade agreements with Kosovo. Access to private finance will be improved through the establishment of a credit information agency and by helping profitable businesses demonstrate through business plans and financial statements that they are worthy of credit. Business development support will also assist the private sector in working with government authorities to create a positive business enabling environment in Kosovo by focusing businesses and associations lobbying for appropriate laws and regulations, seeking clarity in existing legislative language, and ensuring the laws make sense for both business and society.

Agriculture (\$1,700,000 AEEB). Agricultural programs will promote competitiveness by specifically addressing Kosovo's low level of agricultural production, quality, and handling standards that inhibit product sales. Technology transfer, quality control, adherence to international standards, and access to market information will be the key elements of program support. On an industry level, efforts will focus on creating efficiencies in the production chain and promote cooperation among producers, processors, distributors, veterinarians, importers, exporters, and regulators to improve quality while containing costs. These efficiencies will be technology, capital, education, or information-based, depending on the needs of each link in the production chain. Support will also be provided to develop new financing structures for agriculture, which are necessary to accelerate the introduction of capital-intensive production technologies.

Performance and Results: In private sector development, both SME and agriculture, USAID contributed to increased sales for selected goods, increased firm profitability, and employment generation within the producer and processor community assisted by USAID projects. Kosovo-wide both high unemployment and low domestic production remain significant issues. Kosovo made initial inroads to increasing its regional integration via trade linkages, with ensuing increases in exports. Nascent business and agribusiness organizations are being strengthened and credit opportunities have increased, albeit slowly, and the agricultural sector will be more competitive domestically and regionally through an improved production chain and increased attention to international quality standards. Domestic market share for local agricultural products will have increased, as will exports. Further, agricultural financial structures will be in place and provide much-needed credit options to the agricultural sector. Private enterprises will have improved their capacity through better management, adherence to international standards, and increased trade linkages, thus increasing exports and domestic sales through more competitive products. Increased competitiveness in the business sector (including agriculture) will result in increased employment and increased productive investment. All of these will take place within a sound business operating environment, to which the private sector will contribute through sustainable advocacy organizations.