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KOSOVO

SUCCESS STORY

Privatization Revives Factory

Lagging companies get a boost from private investment



Photo: Chemonics International/Valdet Osmani

Zelqif Berisha, director of the Silcapor concrete block factory in Kacanik municipality.

Following privatization, a defunct Kosovo concrete block factory reopened. Now, 220 workers are employed, earning 60 percent more than before the factory shut down.

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Two years ago, the concrete block-maker Silcapor in Kacanik municipality was just one of many defunct socially-owned enterprises dating back to the days of former socialist Yugoslavia. The factory where many residents had once worked was home to pigeons and spider webs.

USAID helped Kosovo privatize the company so that it could get back into business. Two brothers who own a Kosovo construction group bought the company, and they knew its potential. Today, Silcapor is once again the largest employer in Kacanik, providing jobs to 220 workers who earn 60 percent more than they did before the factory shut down.

The factory produces 42,000 cubic meters of concrete blocks per year. Its capacity can grow to 120,000 cubic meters. During the privatization process and afterwards, USAID experts advised the two brothers buying the business, linking them to a bank that gave them a loan to buy Silcapor and helping them find additional capital to reopen the factory and fix machinery. USAID also assisted Silcapor in analyzing its hiring needs, organizing the company's management structure, updating production techniques to improve block quality, and managing sales domestically and to other countries.

"We used to work with [Silcapor] before, selling cement, so we knew how the business works and what it's all about," said one of the brothers, Saqip Berisha. "And we feel like this is the only place in the municipality that can help employ people."

Now sales are expanding. Silcapor has signed a year-long contract for \$2.4 million with a Greek buyer and is negotiating with clients in Bulgaria and Macedonia. The brothers are also aiming to set up a contract with Kosovo's education ministry to provide all the blocks for school building and renovation. "We've increased production by 75 percent compared to last year, and the quality of the blocks has improved," said the other brother, Zelqif Berisha.

Kosovo is home to about 500 socially owned enterprises. USAID is helping Kosovo sell them to entrepreneurs capable of turning them around into profitable businesses that generate employment and boost economic recovery.