

## The Challenge

Kosovo is entering a distinctly new phase in its development, initiated by a decision made in October 2005 by the United Nations Security Council that discussions should begin on Kosovo's political status. Helping Kosovo make the transition from international administration to self-governance in an effective and peaceful manner is USAID's goal. Kosovo faces serious challenges: an estimated 30-60% unemployment rate, a weak economy, low technical capacity, deep distrust between ethnic groups, a recent history of conflict. USAID's program provides training, coaching, and expert counsel to ensure that Kosovars quickly build capacity in the fiscal and economic policy sectors, private enterprise, democratic governance, civil society, independent media, rule of law, and energy management. Woven throughout the program are activities that seek to prevent conflict, promote transparency, give hope and support to youth, and end trafficking of women and children.

## Objectives, Sectors and Workforce

Mission Director: Ken Yamashita

MCA Status: Currently Not Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Received

### Program Budget (Appropriations by Objective)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
167-0120 Economic Policy and Institutions	7,660	9,240	8,853	9,419	23.0%	1.05	Met
167-0130 Private Sector Growth	4,750	7,100	6,289	6,691	40.9%	1.30	Exceeded
167-0210 Accountable and Transparent Governance	7,762	8,216	6,980	8,171	5.3%	0.96	Met
167-0220 Democratic Institutions	5,490	5,776	7,375	7,847	42.9%	0.90	Met
167-0410 Social stabilization through special initiatives	1,816	1,907	2,500	1,915	5.5%	0.84	Not Met
167-0420 Cross-Cutting Programs	4,314	4,211	4,589	4,883	13.2%		0.21
Transfer to Other US Government Agency	47,254	46,550	37,664	40,074	-15.2%		
<b>Country Total</b>	<b>79,046</b>	<b>83,000</b>	<b>74,250</b>	<b>79,000</b>	<b>-0.1%</b>		

### Program Budget (Appropriations by Account)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Asst. for E. Europe and the Baltic States	79,046	83,000	74,250	79,000	-0.1%
<b>Total</b>	<b>79,046</b>	<b>83,000</b>	<b>74,250</b>	<b>79,000</b>	<b>-0.1%</b>

### Program Budget by Sector and Account

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Agriculture and Environment AEEB	2,979	3,234	5,395	7,734	159.6%
Higher Education & Training AEEB	2,750	1,650	2,560	2,383	-13.3%
Economic Growth AEEB	11,389	17,870	14,575	12,524	10.0%
Human Rights AEEB	589	1,011	650	892	51.4%
Democracy and Governance AEEB	59,679	53,907	49,105	53,310	-10.7%
Conflict Management / Humanitarian Assistance AEEB	1,012	4,766	1,965	2,157	113.1%
HIV / AIDS AEEB	250	0	0	0	N/A
Child Survival and Maternal Health AEEB	0	500	0	0	N/A
Vulnerable Children AEEB	248	62	0	0	N/A
Other Infectious Diseases AEEB	150	0	0	0	N/A
<b>Total</b>	<b>79,046</b>	<b>83,000</b>	<b>74,250</b>	<b>79,000</b>	<b>-0.1%</b>

### Workforce

	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	4	5	8	8	100.0%
US Non Direct Hires	8	4	5	5	-37.5%
Foreign Nationals	77	77	78	78	1.3%
<b>Total</b>	<b>89</b>	<b>86</b>	<b>91</b>	<b>91</b>	<b>2.2%</b>

### Operating Expense

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	1,551	1,105	1,128	892	-42.5%
Travel	147	229	127	153	4.1%
Transportation of things	69	56	99	30	-56.5%
Rent	660	606	574	574	-13.0%
Security	434	432	496	520	19.8%
Equipment	210	331	52	146	-30.5%
ICASS - Operating Expense only	361	337	455	460	27.4%
Other Operating Expense	493	582	469	625	26.8%
<b>Total OE Budget</b>	<b>3,925</b>	<b>3,678</b>	<b>3,400</b>	<b>3,400</b>	<b>-13.4%</b>
US direct hire salary and benefits	887	887	1,070	1,186	33.7%

Program Funded Administrative Expenses				1,199
<b>Country Total Administrative Budget</b>				<b>5,785</b>
<b>Percent of Bureau OE Total</b>				<b>8.8%</b>

**Mission Summary**

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	19,762	16,600	9,281	9,875
Program per All US (\$000)	6,587	9,222	5,712	6,077
Program per Position (\$000)	888	965	816	868
Operating Expense as % of Program Funding				4.3%
Program Funded Admin Expense as % of Total Admin				20.7%
Total Admin Expense as % of Program Funding				7.3%

**Other Major Donors:**

Bilateral: Germany, Japan, Netherlands, the United Kingdom, Sweden

Multilateral: European Agency for Reconstruction, World Bank, European Union, United Nations Development Program, United Nations Children's Fund, European Bank for Reconstruction and Development, Organization for Security and Cooperation in Europe

## Kosovo PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Asst. for E. Europe and the Baltic States	79,046	83,000	74,250	79,000
<b>Total Program Funds</b>	<b>79,046</b>	<b>83,000</b>	<b>74,250</b>	<b>79,000</b>

### STRATEGIC OBJECTIVE SUMMARY

167-0120 Economic Policy and Institutions				
AEEB	7,660	9,240	8,853	9,419
167-0130 Private Sector Growth				
AEEB	4,750	7,100	6,289	6,691
167-0210 Accountable and Transparent Governance				
AEEB	7,762	8,216	6,980	8,171
167-0220 Democratic Institutions				
AEEB	5,490	5,776	7,375	7,847
167-0410 Social stabilization through special initiatives				
AEEB	1,816	1,907	2,500	1,915
167-0420 Cross-Cutting Programs				
AEEB	4,314	4,211	4,589	4,883
TRANSFER				
AEEB	47,254	46,550	37,664	40,074

Mission Director,  
Ken Yamashita

## Data Sheet

<b>USAID Mission:</b>	Kosovo
<b>Program Title:</b>	Economic Policy and Institutions
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	167-0120
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$8,853,000 AEEB
<b>Prior Year Unobligated:</b>	\$201,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$9,419,000 AEEB
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID's economic policy program promotes a stable macroeconomic environment to foster and accelerate private sector growth. This involves strengthening newly-established economic institutions, improving the legal and regulatory framework needed to support a market economy, and improving the Kosovar legislative drafting process. Specifically, USAID assists with improving fiscal, financial, energy, trade, and investment policies, as well as commercial law and privatization. Through daily expert advice and on-the-job training by USAID, Kosovar institutions are well on their way to becoming self-sufficient. Future efforts will build on past achievements and will focus on strengthening the ability of Kosovars to manage and operate their own ministries and to enforce laws. USAID efforts include building public understanding and support for these new institutions, policies, and laws.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Improve Economic Policy and the Business Environment (\$4,800,000 AEEB, \$200,796 AEEB carryover). At the Ministry of Finance and Economy (MFE), the role of USAID advisors has shifted from managing and running the institution to advising, training, and coaching Kosovar counterparts who have assumed management and oversight responsibilities. Specifically, USAID support at the Ministry will focus on ensuring that Kosovar staff in the Ministry's Budget Department are formulating and carrying out the budget in a transparent and effective manner that ensures fiscal discipline and prioritizes budgetary needs. Advisors will play a role in selecting and training staff for a macroeconomic analysis department. In the Ministry's tax administration unit, USAID's advisors will continue to assist with initiatives that identify non-registered and non-complying taxpayers, improve software for processing taxes, refine the skills of tax inspectors, and encourage municipalities to step up collection of property taxes. Beyond the Ministry, USAID will continue to help Kosovo develop a market-oriented commercial law framework by providing legal advice to the Office of Prime Minister and to the Assembly of Kosovo. At the same time, emphasis will shift to training the larger legal community and commercial court judges on the new legislation, including contract, corporate, collateral, and arbitration law. Furthermore, USAID will provide advisory services to ensure that property laws are written, properly enacted, and effectively implemented. As Kosovo increasingly depends on its energy resources for economic growth, USAID will continue to provide policy advice to the Ministry of Energy and Mines. Near the end of 2006, USAID will initiate a new, smaller activity that will consolidate the progress made to date in economic policy development, legislation, and systems to ensure the continued growth of Kosovo's economy. Principal contractors: BearingPoint (prime), The Services Group (sub), Overseas Strategic Group (sub).

Improve Private Sector Competitiveness (\$3,163,000 AEEB). At the Kosovo Trust Agency (KTA), USAID privatization experts will work with KTA counterparts to complete the privatization of socially-owned enterprises (SOEs). Efforts will include identifying ways to accelerate liquidation, and helping to establish policies and procedures for moving the publicly-owned enterprises to the next phase of development, including public/private partnerships. Principal contractors: BearingPoint (prime), The Services Group (sub), Overseas Strategic Group (sub).

Strengthen The Financial Services Sector and Increase Access to Capital (\$890,000 AEEB). USAID will continue to provide advisors to the banking and payments authority of Kosovo to further strengthen their

regulatory capabilities in order to maintain sound commercial banks. In addition, USAID will provide an operations expert to the Kosovo Pension Savings Trust to improve its ability to administer the mandatory defined-contribution pension program. Principal contractors: BearingPoint (prime), The Services Group (sub), Overseas Strategic Group (sub).

**FY 2007 Program:**

Improve Economic Policy and the Business Environment (\$5,200,000 AEEB). As the Ministry of Finance and Economy becomes self-sufficient, USAID assistance is expected to be gradually reduced. USAID assistance will continue to promote best practices in implementing budget and treasury systems while developing the Ministry's macroeconomic analysis department. In commercial law development, assistance will emphasize implementation of laws through focused training for the commercial court, and establishment of a certification program for commercial law judges and attorneys. Implementers: to be determined (TBD).

Improve Private Sector Competitiveness (\$3,269,000 AEEB). USAID advisory support to the Kosovo Trust Agency in its privatization of socially-owned enterprises will be reduced since this effort should be almost complete. USAID may provide additional assistance to the Kosovo Trust Agency in its efforts to attract private investment to the many publicly-owned enterprises that still exist. Implementers: TBD.

Strengthen The Financial Services Sector and Increase Access to Capital (\$950,000 AEEB). As this sector builds self-sufficiency, USAID will provide short-term consultation in specific areas of need to the Banking and Payments Authority of Kosovo and to Kosovo Pension Savings Trust in order to ensure effective supervision of commercial banks and sound administration of pension savings. Implementers: TBD.

**Performance and Results:** USAID's program has provided valuable support for the establishment, development, and strengthening of Kosovo's economic governance institutions. Much of its targeted assistance has been focused on the MFE, resulting in sound, transparent, and well-implemented tax and budget systems, including fiscal decentralization. At the end of this program, the MFE will be a well-functioning institution, able to manage Kosovo's finances effectively.

As a result of continued USAID efforts to strengthen the performance of MFE staff, the 2005 budget process was fully managed and effectively run by Kosovars, and in accordance with International Monetary Fund (IMF) recommendations and international best practices. Revenue collections have improved over the course of 2005 compared to the previous year, increasing by almost 17%. New procedures and systems have made the processes of collecting and spending government funds more transparent, thereby minimizing the potential for corruption. The Banking and Payments Authority of Kosovo has played a significant role in ensuring that Kosovo's banking, insurance, and pension sector have become sound and stable. Over the past year, bank deposits have increased by approximately 19%, an indication that Kosovars have more confidence in their banking sector. The Kosovo Pension Savings Trust is already able to function entirely on its own, effectively administering pension contributions for about 190,000 residents, an increase of some 30,000 contributors from 2004. Core commercial legislation is largely in place and ready for implementation.

Privatization is moving rapidly forward with expectations that most SOEs will have been sold by the end of 2006, and to date, about one-fourth of SOEs have been privatized. To date, over 100 new companies have been created through the privatization process, with paid and pending sales of almost 150 million euro, marking a tenfold increase compared to the last year figures. Investment commitments from major privatization transactions total over 60 million euro, almost one tenth of the 2005 Kosovo consolidated budget. Continued progress in economic policy reform and institutional strengthening will provide the enabling environment required for private sector growth, while continued privatization and liquidation of SOEs will put productive assets into private hands. Together, these activities will lead to increased employment, higher incomes, and better quality of life for Kosovo's population.

## US Financing in Thousands of Dollars

Kosovo

167-0120 Economic Policy and Institutions	<b>AEEB</b>
<b>Through September 30, 2004</b>	
Obligations	8,767
Expenditures	3,336
Unliquidated	5,431
<b>Fiscal Year 2005</b>	
Obligations	9,149
Expenditures	9,588
<b>Through September 30, 2005</b>	
Obligations	17,916
Expenditures	12,924
Unliquidated	4,992
<b>Prior Year Unobligated Funds</b>	
Obligations	201
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	8,853
<b>Total Planned Fiscal Year 2006</b>	
Obligations	9,054
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	9,419
Future Obligations	0
Est. Total Cost	36,389

## Data Sheet

<b>USAID Mission:</b>	Kosovo
<b>Program Title:</b>	Private Sector Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	167-0130
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$6,289,000 AEEB
<b>Prior Year Unobligated:</b>	\$1,928,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$6,691,000 AEEB
<b>Year of Initial Obligation:</b>	1999
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID's private sector growth program aims to increase incomes and create employment by strengthening the competitiveness of key Kosovo industries. Technical assistance, training, and financial support to the livestock, construction materials, and fruits and vegetables sector are opening new production and trade opportunities for Kosovo's nascent small and medium enterprise sector. Additional work in strengthening business associations, introducing new credit products, and facilitating private-public dialogue will help ameliorate economy-wide constraints to business growth and profitability.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Private Sector Competitiveness (\$6,289,000 AEEB, \$1,927,827 AEEB carryover). The USAID program will continue to increase the capacity of local enterprises to produce and manufacture products that can command a better price in domestic and global markets. This will be accomplished through improved adoption and enforcement of quality standards, strengthening marketing and management capacities, improving production and processing efficiencies, and creating market linkages. USAID advisors work to improve communication and streamline practices throughout the value chain to ensure that the benefits of higher-quality production are shared through the entire sector. In FY 2006, emphasis will be placed on key products which have shown the greatest potential to improve livelihoods. These include berry processing, wood flooring, and dairy products. USAID will focus on strengthening business support organizations through technical assistance and training to business and industry associations, as well as accounting and management training providers. More effective public-private dialogue will help align government policies, public initiatives, and private-sector investment behind a common set of goals. USAID anticipates transferring \$1.6 million to DCA (from FY 2005 carryover funds) to support provision of loans to agribusiness enterprises and increase availability of long-term loans to small and medium enterprises (SMEs) through a local bank. Such credit products will enable growing small and medium enterprises to access new equipment and technology needed to upgrade production. USAID expects its private sector growth efforts will create more than 600 new jobs in key sectors, increase exports to over 8% of imports, and continue to encourage businesses to enter the formal economy. Principal contractors: Chemonics (prime), Crimson Capital (sub), International Fertilizer Development Center (sub), The Services Group (sub).

#### FY 2007 Program:

Improve Private Sector Competitiveness (\$6,691,000 AEEB). USAID's program will intensify activities within the livestock, construction materials, and fruits and vegetables sectors. As key opportunities for export continue to emerge, USAID will place greater emphasis on improving the capacity of supporting institutions, such as relevant vocational training institutes, standards implementation agencies, and business service providers. Targeted technical assistance to relevant Kosovo Provisional Institutions of Self-Government (PISG) will ensure that appropriate regulations and procedures are in place to support key export opportunities. USAID will also seek to establish public/private partnerships to encourage greater adoption and extension of improved technology and practices in the agricultural sector. Through continued coordination with other donors and the PISG, USAID may launch support for an additional sector, such as information technology or mining. Principal contractors: Chemonics (prime), Crimson Capital (sub), International Fertilizer Development Center (sub), The Services Group (sub).

**Performance and Results:** USAID's enterprise development work is focused on economic sectors with the greatest opportunity to enhance Kosovo's participation in regional markets, create full-time jobs, and stimulate investment. It is envisioned that by the end of 2008, USAID-supported firms will attract more than \$20 million in new investment and create more than 1,700 new jobs. More importantly, these key economic sectors will have the requisite skills and institutions to continue generating viable trade opportunities beyond USAID assistance.

The USAID program has made considerable progress towards these goals. During the reporting period, which was the first full year of program implementation, more than 295 full time jobs were created and \$2.3 million of new investment made as a result of USAID assistance. Dairy farmers were able to introduce new products and initiate regional exports, resulting in increased economic activity throughout the value chain. Among milk producers working with USAID, monthly yields have increased by 66% over the past year.

In order to ensure the sustainability of enterprise development initiatives, USAID has devoted considerable effort to creating institutions capable of replicating successes in promoting trade and competitiveness. This year, USAID formed three industry associations which are already mentoring small businesses. USAID also helped the Ministry of Agriculture, Forestry, and Rural Development and the Ministry of Trade and Industry draft and adopt international product standards. Improvements in product quality and greater market access helped USAID client companies to increase sales of by 19% during the past year.

Additionally, substantial progress was made in developing trade relationships with neighboring countries, especially in the dairy, meat, precious stone, and wood flooring sectors. Executing these trade opportunities will greatly accelerate investment and job creation.



## US Financing in Thousands of Dollars

Kosovo

167-0130 Private Sector Growth	<b>AEEB</b>
<b>Through September 30, 2004</b>	
Obligations	92,353
Expenditures	87,907
Unliquidated	4,446
<b>Fiscal Year 2005</b>	
Obligations	5,296
Expenditures	5,166
<b>Through September 30, 2005</b>	
Obligations	97,649
Expenditures	93,073
Unliquidated	4,576
<b>Prior Year Unobligated Funds</b>	
Obligations	1,928
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	6,289
<b>Total Planned Fiscal Year 2006</b>	
Obligations	8,217
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	6,691
Future Obligations	0
Est. Total Cost	112,557

## Data Sheet

<b>USAID Mission:</b>	Kosovo
<b>Program Title:</b>	Accountable and Transparent Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	167-0210
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$6,980,000 AEEB
<b>Prior Year Unobligated:</b>	\$464,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$8,171,000 AEEB
<b>Year of Initial Obligation:</b>	1999
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID promotes accountable and transparent governance by assisting civil society, local government, and the media to become more effective in their roles as stakeholders, implementers, partners, and advocates for the views of citizens. USAID helps municipal governments serve their residents better, facilitates the engagement of community groups and non-governmental organizations (NGOs) in government decision-making, and enables independent media to better inform citizens about the issues affecting them.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Establish and Ensure Media Freedom and Freedom Of Information (\$1,830,000 AEEB, \$163,800 AEEB carryover). Following on earlier efforts to establish an independent media in Kosovo, USAID will now focus on helping targeted broadcast media achieve financial sustainability as commercial ventures. This will assure that a diversity of voices is available to audiences across Kosovo. Competition between the media will help "raise the bar" for performance of private and publicly-funded media, encouraging improved content and programming of news, public and cultural affairs, and entertainment. As part of this overall effort, USAID will assist the Kosovo Terrestrial Transmission Network (KTTN) to attract capital investment needed to upgrade and expand its services for domestic broadcasters, and to reach virtually every household in Kosovo. USAID will also provide training to journalists of both print and electronic media, and assist media associations to better represent the interests of their members and become better advocates of freedom of expression. Finally, as a trusted broker and advisor, USAID will work with the media industry to set up mechanisms for measuring audience share and circulation to improve advertising sales. Principal contractor: International Research and Exchanges Board (IREX).

Mitigate Conflict and Support Peace (\$1,000,000 AEEB, \$300,000 AEEB carryover). In the second phase of the Municipal Integration and Support Initiative (MISI), USAID will continue to engage municipalities in creating environments conducive to the return and reintegration of ethnic minorities. MISI brings together ethnic communities, village leaders, and municipal authorities to develop plans to accommodate the reintegration of minority groups, and upon their completion, funding is provided for small infrastructure projects for which the communities have expressed a need. The recently-created Ministries for Communities and Returns, and Local Government Administration, will be brought into the program through meetings, reports and site visits. Principal grantee: Mercy Corps.

Strengthen Civil Society (\$1,600,000 AEEB). USAID will continue to provide training, consultancies and sub-grants to Kosovar NGOs to improve their advocacy skills, and increase their organizational efficiency. Fundraising approaches will also be emphasized, to assure better prospects for sustainability. As a result of these efforts, a core group of civil society organizations will be able to more effectively advocate for the issues of the constituencies they represent. Principal grantee: IREX.

Support Democratic Local Government and Decentralization (\$2,550,000 AEEB). As central budgetary support to municipalities declines, the need for "own source" funding for services increases. USAID provides selected municipalities with resident advisors who work with authorities to increase property tax payment rates and improve the financial management capabilities of the municipal offices. To reinforce

the advisors' efforts, an incentive fund will support municipal initiatives aimed at better revenue generation, fiscal management, citizen involvement, and improved service provision. Lessons learned from these combined efforts will be disseminated to the rest of Kosovo's municipalities. At the central level, USAID will continue to work with the Ministry of Local Government Administration (MLGA) in drafting its platform legislation, the local government law, as well as laws on local and central elections, and municipal finance. Principal contractor: RTI International.

**FY 2007 Program:**

Establish and Ensure Media Freedom and Freedom Of Information (\$1,600,000 AEEB). As other international sources of support and assistance are withdrawn, USAID will assist the newly-established media regulatory authority, the Independent Media Commission, to function effectively as an independent and professional body. USAID's support to the independent media sector will focus on improving the legal framework for media, increasing professionalism among journalists, and increasing the business viability of independent media. Principal contractor: International Research and IREX.

Mitigate Conflict and Support Peace (\$771,000 AEEB). MISI will continue monitoring the implementation of municipal action plans and assisting localities to measure progress on steps they committed to undertake to demonstrate their commitment to returns and reintegration of ethnic minorities. Twenty community investment projects and 15 projects targeting youth, in seven selected municipalities, will be completed. Principal grantee: Mercy Corps.

Strengthen Civil Society (\$900,000 AEEB). USAID will continue assisting NGO networks and coalitions to make them more effective advocates and agents of change. In addition, USAID will assist NGO regional networking efforts and engagement in policy dialogue with decision-makers at both local and central levels of government. Principal grantee: IREX.

Support Democratic Local Government and Decentralization (\$4,900,000 AEEB). USAID plans to undertake a follow-on program to consolidate the financial and other improvements made under the first local governance initiative. In coordination with the MLGA, USAID will work to strengthen municipalities as part of a more advanced local government reform process and planned decentralization. Implementer: to be determined.

**Performance and Results:** In FY 2005, according to industry-standard surveys, RTV 21, one of two USAID-supported private television stations, continued to be the market leader with more than 52% of audience share, while KTV, the second USAID beneficiary, was rated by journalists to be the most professional and independent TV station in Kosovo. Sustainability of these stations has increased substantially, exceeding targets and reaching 80% of their operating costs. As a result of USAID assistance, KTTN, which assures the uninterrupted transmission of all Kosovo-wide licensed TV and radio stations, is independent and covers almost 70% of its operating costs. The annual Media Sustainability Index (MSI) report of October 2005 indicated that Kosovo's media sector is making progress on freedom of speech, professionalism, and increased capacity of media associations.

USAID's programs have improved public participation in decision-making since local governments have opened their meetings to the public; public hearings increased from 7 in 2004 to 28 by October 2005 in the 6 targeted municipalities. Survey results from 2005 indicate an improvement in the public's perception of accessibility to local government; 65% of residents polled in the targeted municipalities believe their municipalities are more accessible, compared with 52% in 2004. Concerning integration of minority communities, 75% of the obstacles mentioned in the plans of nine targeted municipalities have been addressed and 35 infrastructure projects benefiting more than 400,000 people have been completed.

By the end of the program in 2008, USAID expects that citizen participation in all levels of government in Kosovo will have increased. Civil society will provide oversight of local policy-making and implementation, and will ensure that the government upholds citizens' rights. Media should be able to become self-supporting, while maintaining professionalism and pluralism. Meaningful progress will be achieved in creating more efficient, transparent, and accountable government, with clear functions and responsibilities, and the capacity to fulfill them.

## US Financing in Thousands of Dollars

Kosovo

167-0210 Accountable and Transparent Governance	AEEB	ESF
<b>Through September 30, 2004</b>		
Obligations	42,525	142
Expenditures	34,720	142
Unliquidated	7,805	0
<b>Fiscal Year 2005</b>		
Obligations	9,538	0
Expenditures	8,354	0
<b>Through September 30, 2005</b>		
Obligations	52,063	142
Expenditures	43,074	142
Unliquidated	8,989	0
<b>Prior Year Unobligated Funds</b>		
Obligations	464	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	6,980	0
<b>Total Planned Fiscal Year 2006</b>		
Obligations	7,444	0
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	8,171	0
Future Obligations	0	0
Est. Total Cost	67,678	142

## Data Sheet

<b>USAID Mission:</b>	Kosovo
<b>Program Title:</b>	Democratic Institutions
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	167-0220
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$7,375,000 AEEB
<b>Prior Year Unobligated:</b>	\$1,117,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$7,847,000 AEEB
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID supports the strengthening of Kosovo's executive, legislative, and judicial branches of government at a time when its future political status is being discussed. As the United Nations (UN) begins to draw down its presence in Kosovo, a new Ministry of Justice is being formed. USAID is part of the planning for this new Ministry, as well as in the transformation of how Kosovo's judiciary, central assembly, and electoral systems operate.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Promote and Support Credible Elections Processes (\$900,000 AEEB, \$600,000 AEEB carryover). USAID will initiate an activity to support the successful transition of election administration responsibilities from international to Kosovar institutions and improve the underlying legal framework for the electoral system. Principal grantee: IFES.

Strengthen Democratic Political Parties (\$1,100,000 AEEB). USAID's assistance to Kosovo's political parties will continue to build the parties' capacities to better represent their constituencies. At the same time, it will focus more sharply on the role the parties play in Kosovo's Assembly. This will include more effective law making, better oversight of policy implementation by the executive branch, and improved constituency relations and representation by members of the assembly. Principal grantee: National Democratic Institute (NDI).

Strengthen the Justice Sector (\$5,375,000 AEEB, \$516,963 AEEB carryover). At the request of the UN and Kosovo's Provisional Institutions of Self-Government (PISG), USAID will play a key role in establishing the new organizations that will administer Kosovo's evolving justice system: a Ministry of Justice and the Kosovo Judicial Council. Experienced advisors will be placed in these institutions to assist with start-up operations in critical areas such as staffing, management, budgeting, and other organizational matters. USAID assistance will extend to the court system itself, through the provision of assistance in court recording, better case-flow management, record-keeping, and archives across all courts. To alleviate the serious backlog of cases that currently exists, USAID will provide technical assistance to shift notary services and legal disputes over property and utility payments away from the mainstream courts, establish mediation services, and consolidate the courts themselves. In cooperation with the European Union, USAID will help develop a computerized information system for managing work flow in the courts. USAID will assist with the transition of an inspection and audit function, currently part of the UN administration, to the new Kosovo Judicial Council to investigate complaints resulting from misconduct or conflict of interest, and in the vetting and reappointment of judges to the courts. USAID's support to two professional associations, one representing lawyers, the other, judges, will improve the legal profession through continuing legal education, applied research, ethics training and standards for professional conduct. Assistance will be supplied to improve the criminal law and legal ethics curricula taught at the University of Pristina's Law School. Principal contractor: National Center for State Courts (NCSC); Principal Grantee: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI).

**FY 2007 Program:**

Promote and Support Credible Elections Processes (\$950,000 AEEB). USAID's support will continue through expected elections in 2007, improving the electoral legal framework and policies, rule-making, and procedures to administer Kosovo's new electoral system. Principal grantee: IFES.

Strengthen Democratic Political Parties (\$850,000 AEEB). USAID will continue to build capacity of the central assembly, its members, committees, staff, and political party groups by providing assistance with organizational assessments, planning, policy expertise, internal management and rule making. Principal grantee: National Democratic Institute (NDI).

Strengthen the Justice Sector (\$6,047,000 AEEB). USAID assistance will increasingly focus on assisting the Ministry of Justice and the Kosovo Judicial Council, and helping implement agreed-upon changes to the court system itself while ensuring local ownership to make the changes take root. USAID will continue assistance to the inspection and audit function of the new Kosovo Judicial Council. USAID's support to two legal professional associations will begin to phase out as other donors are following on USAID assistance and the associations have grown substantially. Assistance to improve criminal law and legal ethics will continue, supplemented by a clinical training program at the University's law school. Principal contractor: National Center for State Courts (NCSC); Principal grantee: American Bar Association/Central European and Eurasian Law Initiative (ABA/CEELI).

**Performance and Results:** During FY 2005, two crucial and complex pieces of legislation covering courts and prosecution were drafted with USAID assistance, enabling better management of the judiciary including re-structuring of the courts. Another element of USAID's assistance was the modernization of the courts, including installation of ten audio recording units in five pilot locations including municipal and district courts, and the prosecutor's office. The equipment enables transcripts of court sessions to be prepared, a new requirement called for in the adopted Code of Criminal Procedure. To use the equipment, 116 judges, court recorders and staff from the Kosovo Department of Judicial Administration were trained in audio recording systems and procedures. The success of this endeavor was such that the Kosovo Government decided to purchase from its own funds identical recording equipment and outfit every court with it.

To address the lack of opportunities for enhancement of law students' practical skills, USAID helped establish a pilot legal clinic program within the University of Prishtina Law School which provides hands-on experience to law students. A parallel graduate apprenticeship, helped place more than 100 law graduates in courts and offices of attorneys. Further, to advance the professional skills of Kosovo Chamber of Advocates (KCA) members, USAID organized a series of continuing legal education courses that increased the preparedness of lawyers for the landmark changes taking place in the legal system: 265 members, or some 70% of KCA membership, participated in this training. On another front, Kosovo's political parties, with USAID's help, started using research and polling data for making timely policy and strategic decisions, an important step in making the central Assembly more responsive to the voting public.

By the end of the program, it is anticipated that important reforms to Kosovar political processes will have been enacted. Kosovo will have a set of capable election administration bodies that implement a credible election system. Political parties will interact more with their constituents, and will better represent citizen interests. In addition, Kosovo will have two new institutions, the Ministry of Justice and the Kosovo Judicial Council, an independent body to manage an independent judiciary, both of which USAID will have helped establish. A fully operational judicial system, acting in accordance with the best international standards, should be realized.

## US Financing in Thousands of Dollars

Kosovo

167-0220 Democratic Institutions	<b>AEEB</b>
<b>Through September 30, 2004</b>	
Obligations	5,450
Expenditures	1,533
Unliquidated	3,917
<b>Fiscal Year 2005</b>	
Obligations	6,197
Expenditures	4,484
<b>Through September 30, 2005</b>	
Obligations	11,647
Expenditures	6,017
Unliquidated	5,630
<b>Prior Year Unobligated Funds</b>	
Obligations	1,117
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	7,375
<b>Total Planned Fiscal Year 2006</b>	
Obligations	8,492
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	7,847
Future Obligations	0
Est. Total Cost	27,986

## Data Sheet

<b>USAID Mission:</b>	Kosovo
<b>Program Title:</b>	Social stabilization through special initiatives
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	167-0410
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$2,500,000 AEEB
<b>Prior Year Unobligated:</b>	\$611,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$1,915,000 AEEB
<b>Year of Initial Obligation:</b>	1999
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** This objective supports activities that are vitally important to the development of Kosovo, but fall outside the Mission's core objectives. These activities address U.S. Government and Kosovo-specific priorities such as anti-trafficking, key health issues, and initiatives in energy. The activities are often limited in scope and implemented as part of a larger donor effort. In FY 2006, USAID is increasing emphasis on the energy sector.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$2,500,000 AEEB). USAID assistance will address two critical factors that continue to hamper Kosovo's ability to provide power to all of its citizens: weak revenue collection and financial management of the electric utility, Kosovo Electro Energy Corporation (KEK), and the need for legal and institutional frameworks regarding public sector participation in the energy sector. By providing technical assistance and training to the Energy Regulatory Office (ERO) and the Ministry of Energy and Mines (MEM), USAID will help develop clear secondary legislation regarding investment, implement transparent authorization, tendering and licensing procedures for private sector engagement, and facilitate public participation in planning and decision making. To help improve the domestic market, USAID will work to increase coordination among the MEM, ERO, KEK, donors, and enforcement agencies to identify and implement priority actions aimed at improving revenue collection in the electricity sector. Contractors: Pierce Atwood, and to be determined (TBD).

Reduce Trafficking In Persons (\$611,196 AEEB carryover). Funding will be used to launch a new three-year anti-trafficking initiative with a strong emphasis on partnerships with community organizations. The main purpose of the new Partnership Against Trafficking in Human beings (PATH) project is to build local ownership and capacity to address trafficking issues in Kosovo in the long-term. This effort will encompass work with a range of recognized Kosovar governmental and non-governmental entities to support the efficient implementation of the Kosovo Plan of Action (KPA) to combat trafficking, to instigate related advocacy efforts, increase understanding of the causes that lead to trafficking, and strengthen the existing victim assistance and referral systems in Kosovo. Implementer: TBD

#### FY 2007 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$1,715,000 AEEB). USAID will continue to support the development of the legal and regulatory environment through assistance to the Energy Regulatory Office and the Ministry of Energy and Mines. Technical assistance to and training of the public utility, KEK, will build upon efforts to increase revenue collection by strengthening financial management procedures and investment planning in the company. Contractor: TBD

Reduce Trafficking In Persons (\$200,000 AEEB). USAID's anti-trafficking activities are scheduled to continue throughout 2007, by which time a quick response referral system will be in full operation for Kosovar victims of trafficking to seek assistance. This will be accomplished through setting up an alliance of local NGO support groups. As a part of this effort, public awareness campaigns will be targeted to the most vulnerable groups, and general campaigns will be conducted to dispel the myth that "it can't happen



in this society.” It is expected that, as a result of the broader activity that includes the work with the government, Kosovo will have in place a functioning support system for victims and will make progress in stemming trafficking through early interventions. Principal implementer: TBD.

**Performance and Results:** During FY 2005, USAID has supported the emergence of a legal and regulatory framework consistent with international norms through targeted technical assistance to the Energy Regulatory Office. USAID has helped draft numerous pieces of key secondary legislation, including the Rule on Pricing, Tariff Methodology, and Schedule of Fees.

USAID assistance contributed to the finalization of the KPA to Combat Trafficking in Human Beings (2005-2007) which was approved in May 2004 by the United Nations Interim Administration Mission in Kosovo (UNMIK) and Kosovo’s Provisional Institutions of Self-Government (PISG). To mark the start of KPA implementation, the PISG launched a comprehensive awareness-raising campaign supported by USAID about trafficking of local victims. Since the beginning of the USAID program, 56 trafficked victims - of which 59% were minors - from Kosovo have been assisted by USAID-supported organizations. During FY 2005, 23 new victims were referred and assisted, reflecting an increasing trend compared with 14 from last year.

As part of targeted support to health initiatives, USAID assistance enabled the National Tuberculosis Reference Laboratory to obtain 100% quality assurance results. Standard World Health Organization regimens for tuberculosis treatment are now implemented, including strict Directly-Observed Therapy in the USAID-supported pilot clinics. The Ministry of Health plans to replicate this model as part of the new National Tuberculosis Program. To date, 107 health care personnel completed a hands-on training in antenatal care in one targeted municipality. Overall, 108 pregnant women benefited from the introduction of new antenatal care services since February 2005. In concert with the United Nations Theme Group on AIDS, USAID initiated a study which provides the critical Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome (HIV/AIDS) behavior and biomarker data for the first time in Kosovo. This effort builds local capacity to design and implement key behavior surveillance and HIV prevalence studies independently in the future. A coalition of six organizations of people with disabilities was also created as an important body through which different disability groups can coordinate actions and advocate for systemic changes for inclusion of the mentally disabled in Kosovo.

Anticipated results from these activities include increased dependability of Kosovo’s power supply and opportunities for private investment in the energy sector, and heightened awareness on the part of Kosovars of the seriousness of the trafficking problems in Kosovo, and a more active and coordinated civil society, working in concert with government to prevent trafficking and treat its victims.

## US Financing in Thousands of Dollars

Kosovo

167-0410 Social stabilization through special initiatives	AEEB	CSH	ESF
<b>Through September 30, 2004</b>			
Obligations	21,016	131	1,756
Expenditures	19,522	131	1,729
Unliquidated	1,494	0	27
<b>Fiscal Year 2005</b>			
Obligations	1,597	0	0
Expenditures	1,180	0	0
<b>Through September 30, 2005</b>			
Obligations	22,613	131	1,756
Expenditures	20,702	131	1,729
Unliquidated	1,911	0	27
<b>Prior Year Unobligated Funds</b>			
Obligations	611	0	0
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	2,500	0	0
<b>Total Planned Fiscal Year 2006</b>			
Obligations	3,111	0	0
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	1,915	0	0
Future Obligations	0	0	0
Est. Total Cost	27,639	131	1,756

## Data Sheet

<b>USAID Mission:</b>	Kosovo
<b>Program Title:</b>	Cross-Cutting Programs
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	167-0420
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$4,589,000 AEEB
<b>Prior Year Unobligated:</b>	\$1,969,000 AEEB
<b>Proposed FY 2007 Obligation:</b>	\$4,883,000 AEEB
<b>Year of Initial Obligation:</b>	1999
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** Cross-cutting programs under this objective support the implementation of USAID's five strategic objectives, and include initiatives that address issues of conflict, corruption, youth, gender and human capacity development. In addition, funds provided under this objective are used to provide program support and technical expertise which enable the Mission to develop, monitor and evaluate program implementation and carry out studies to design and improve future and current activities.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Increase Capacity of Higher Education to Contribute to Development (\$2,560,000 AEEB). USAID will continue to provide a responsive and flexible mechanism for targeted short-term training and study opportunities that complement all strategic objectives. Training programs will be targeted at fiscal reform, small and medium enterprise development, democratic reform, local governance, civil society, media, energy, and women's leadership development. Monitoring of returned participants is included to ensure that they utilize training in their respective fields. A new component, Human and Institutional Capacity Development (HICD), will be introduced to complement ongoing development assistance activities by helping USAID partner organizations integrate Performance Improvement (PI) technologies into their organizational processes. Initial emphasis for the use of HICD will be in the rule of law sector, as USAID assists with the formation of a new Ministry of Justice and a Judicial Council responsible for administering the court system in Kosovo. Principal contractor: World Learning; Principal grantee: National Albanian American Council.

Mitigate Conflict and Support Peace (\$629,000 AEEB, \$1,400,000 AEEB carryover, \$180,223 AEEB prior year recoveries). Planned assistance will address issues of critical concern throughout Kosovo, such as isolation and the psychology of fear which contributes to conflict. Assistance will focus on activities to bring youth of all ethnic groups together, create economic linkages across the ethnic divide, and support polling and analysis to increase the awareness of Kosovo's leaders about the concerns of their constituents. USAID will also support non-governmental organizations' (NGO) efforts that promote reconciliation and cooperation among ethnic groups, encourage multi-stakeholder dialogue, and media outreach. Changes in attitudes, knowledge and perceptions among targeted minority and majority communities will be monitored through periodic surveys. Principal grantees: Catholic Relief Services, United Nations Development Program; Principal contractor: Academy for Educational Development.

Program Support (\$1,400,000 AEEB; \$388,839 AEEB carryover). In addition to supporting the operations and personnel costs of the program personnel who manage USAID's ongoing activities, funds will support evaluations, assessments and studies that will assess and document program impact, identify implementation issues, analyze and recommend options that will support Kosovo in its transition and future development.

#### FY 2007 Program:

Increase Capacity of Higher Education to Contribute to Development (\$2,383,000 AEEB). USAID will continue to support training, study tours, and technical consultations that will promote greater sustainability and effectiveness of all USAID assistance. The Human and Institutional Capacity

Development (HICD) component will continue to be an integral part of this activity. Women's leadership development will continue, with training in Kosovo, the United States, and/or the region. Principal contractor: World Learning; Principal grantee: National Albanian American Council.

Mitigate Conflict and Support Peace (\$1,100,000 AEEB). Conflict prevention and mitigation activities involving community groups, youth, media, polling and analysis of opinion trends are expected to continue through FY 2007. Grantees: Catholic Relief Services; United Nations Development Program.

Program Support (\$1,400,000 AEEB). A wide range of program and personnel support activities will continue. It is anticipated that funding will support various assessments and studies in developing the next phase of USAID's assistance to Kosovo, expected to be formulated in FY 2007.

**Performance and Results:** Expected results from the activities under this Strategic Objective include a better educated and trained workforce, a well-organized and staffed Ministry of Justice and Judicial Council, and lowered prospects for conflict throughout Kosovo.

USAID's participant training program successfully completed 19 trainings and study tours in support of all five strategic objectives. In the first intervention under the HICD component of the training program, an intensive performance assessment was conducted of an auditors' association. The National Albanian American Council's (NAAC) Hope Leadership program trained 40 people in management studies, ten of whom went on to participate in internships in Washington, D.C. Three early warning reports were issued, and seminars were held to discuss their findings with government officials. USAID's support to the United Nations Children's Fund (UNICEF) contributed to the development of literacy and numeracy skills of 750 young rural women throughout 10 municipalities in Kosovo.

## US Financing in Thousands of Dollars

Kosovo

167-0420 Cross-Cutting Programs	<b>AEEB</b>
<b>Through September 30, 2004</b>	
Obligations	11,048
Expenditures	7,881
Unliquidated	3,167
<b>Fiscal Year 2005</b>	
Obligations	3,698
Expenditures	4,092
<b>Through September 30, 2005</b>	
Obligations	14,746
Expenditures	11,973
Unliquidated	2,773
<b>Prior Year Unobligated Funds</b>	
Obligations	1,969
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	4,589
<b>Total Planned Fiscal Year 2006</b>	
Obligations	6,558
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	4,883
Future Obligations	0
Est. Total Cost	26,187