



### ECONOMIC DEVELOPMENT

#### USAID Assists Donor Outreach for Energy Sector

**K**osovo's Ministry of Energy (MEM) hosted the first "International Investors' Conference" in Pristina, on October 10 -11. Assisted by USAID's Economic Development Initiative, the conference provided a forum for interested investors to meet with government officials, energy and mining specialists, legal experts and engineers to discuss issues related to energy sector in Kosovo.

In addition to the conference, potential investors were offered a tour to existing lignite mines. Mining and power generation are key sources of economic growth, and Kosovo aims to develop its lignite reserves to meet its own energy needs and also export power to growing markets across Southeast Europe. The shortage of new power sources in the region, combined with the recent establishment of the Energy Community of Southeastern Europe (ECSEE), provides an opportunity for Kosovo's energy sector to become an engine of growth instead of a constraint and drain on public resources.

USAID supports MEM through resident advisors who provide policy guidance and technical assistance to improve MEM's outreach to investors, to ensure MEM compliance with regional energy agreements, and to develop the organizational skills within the Ministry.

### INSTITUTION BUILDING

#### Property Tax Initiatives Bear Fruit

**A** new strategy applied by Gjakovë/Djakovica municipality, assisted by USAID's Local Government Initiative, resulted in an increase of property tax collection during August - Sept '06.

This work was complemented by USAID's Economic Development Initiative and the Ministry of Finance

and Economy, who joined the municipal leadership in implementing a municipal-wide public information campaign. Through meetings with citizens, civil society organizations, and the business community, the property tax collection unit managed to double their collections over the past two months. Overall, collections increased 112% from August 2005 - August 2006, and 250% from Sept 2005 - September 2006.



Photo from a previous campaign on tax collection supported by USAID in Suhareka/Suvareka

In addition to raising citizens' awareness, the municipality introduced new enforcement measures in accordance with the United Nations Interim Administration Mission in Kosovo (UNMIK) regulation. These include suspension of municipal services to property of businesses that had not paid their taxes, and revocation of working permits and business licenses.

If this trend continues the municipality of Gjakovë/Djakovica, through its own efforts and with assistance from the LGI team, will progress in securing own source funds to serve its citizens!

### CIVIL SOCIETY AND INSTITUTIONS

#### Value Added Taxes - and NGO Assistance

**A** new regulation on Value Added Tax (VAT) and customs fees, and its impact on the work of the NGO's was discussed at a conference on October 5th.

The conference gathered representatives from non-governmental organizations (NGOs), government and international agencies.

According to this regulation, NGOs are obliged to pay VAT and customs fees. NGOs argue that the regulation is drastically reducing their ability to assist interest groups and beneficiaries. "The Government is not helping us conduct our work in assisting communities in need [according to a World Bank report 15 percent of Kosovars are below the extreme (food) poverty line of 0.93 per day]. Instead, it is further reducing our capabilities to reach out to the communities," said Zef Shala, executive director of Mother Teresa, a well-known humanitarian association.

Though the government reiterated its willingness to cooperate with NGOs on dealing with different issues, Jahja Lluka, advisor to the Prime Minister of Kosovo added that "the emergency phase in Kosova has long gone and a considerable part of Kosovo's budget is based on taxes."

Local NGOs had been entitled to a "public benefit" status before the new regulation took effect on January 1, 2006. Under this status, NGOs were exempt from VAT and customs fees.

The conference was organized by USAID supported Kosovo Civil Society Project, a three-year activity implemented by IREX in cooperation with the Advocacy Training & Resource Center (ATRC).

### **Increasing Capabilities of the Independent Broadcast Media**

**T**wo Kosovo-wide independent TV stations, RTV 21 and Kohavizion are updating their studios and field recording equipment with support from USAID's Kosovo Media Assistance Program (KMAP).

The news studio will ensure that the station's technical facilities are sufficient to make the best use of the editorial training it receives under KMAP. The larger studio control room will be used for entertainment and music programs, which will assist the station to produce more of its programming locally and reduce its reliance on imported material.

KTV is purchasing new cameras for its studios and for its news gathering in the field, which again will make the KMAP training program more effective. It is buying new "switchers" for its studio control rooms, making its programs visually more interesting and up-to-date. It is also completely updating its sound systems, increasing the overall professionalism of its operations and its attractiveness to viewers.

The support is part of a three year program and the first year grants of \$250,000 for each station currently being administered. The complete modernization of the two TV stations' production facilities will be continued in years two and three, partly funded from their own resources.

The purpose of the grant program for both Kosovo-wide independent TV stations under the KMAP program is to bring them fully up to date with modern, digital, television equipment, able to compete with the publicly funded RTK and other Albanian language channels delivered by satellite.

### **Upcoming Events**

**October 26**, the third annual Fair of Agriculture products opens in Leposaviq/c with support from USAID's Kosovo Cluster and Business Support Project.

**October 28**, Sesame Street, season TWO will be officially launched at a ceremony.



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