

Kosovo

The Development Challenge: Four years after war swept through Kosovo, dislocating over half of the population and devastating the economy, the reconstitution of a functioning economic, political, and cultural environment is well underway. Having addressed the most immediate needs following the end of conflict, Kosovans are engaged in rebuilding the institutions and the foundations of their society. Many challenges lie ahead, most prominently the strengthening of Kosovan economic and democratic institutions, building a sustainable and growing economy that creates jobs, and developing a harmonious multi-ethnic society that is responsive to the rule of law.

Over the last four years, the combination of accelerated institution building and sound economic policies has resulted in impressive results in the economic sphere. GDP has risen over 40% since 2000. Total deposits in the banking system increased by approximately 17% over the past year and the loan-to-deposit ratio increased from 21% at the end of 2002 to its current level of 39%. A sound tax system now provides 100% of recurrent expenditures of the Kosovo Consolidated Budget from domestically collected tax revenues. However, a deeper analysis reveals weaknesses and aberrations that make the economy vulnerable. In the Balkans region, Kosovo has the lowest total GDP, the largest percentage of population living at a subsistence level, and partly because privatization has been slow, Kosovo remains the most command-driven economy, in that the private sector accounts for only 28% of the official economy. Both foreign and domestic investment are constrained by insufficient rule of law, poorly defined property rights, and a lack of trade agreements with neighboring countries (with the exception of Albania). Unemployment is arguably the key social and economic problem for Kosovo, with estimates ranging from 35%-50%. Rates are especially high among youth (ages 16-24), women, and the rural population. Exacerbating this poor economic picture is the decreased level of donor assistance, as well as Kosovo's inability to access alternative sources of financing, such as from the International Finance Institutions.

On the political front, Kosovo has made important advances towards self-government: A Constitutional Framework established the Provisional Institutions of Self-Government (PISG), three free and fair elections have been held, and the transfer of competencies from the United Nations Mission in Kosovo (UNMIK) to the PISG is underway. This transfer of responsibility, however, has proceeded somewhat unevenly, and advances have been accompanied by polarization over issues including the rate and substance of transferred powers, the issue of final status, and continued presence of parallel governing and financial structures in select areas of Kosovo supported by Belgrade in contravention of UN Security Council Resolution 1244. While there has been a decrease in the rate of ethnically-motivated crimes and an increase in minority participation in organizations such as the Kosovo Police Service, the judiciary, and other public bodies, opinion polls indicate that inter-ethnic relations remain tense.

The United States has been, and continues to be, a major contributor to the recovery of Kosovo. Stability in the Balkans is of paramount importance to both the United States and Europe. Stability in Kosovo, and its integration into the region and Europe, is a requisite to achieving this regional stability. Kosovo's integration into the European economy is a key priority for the United States Government, and the conditions needed to achieve this integration are fundamental elements of the USAID program. The investment that the United States has made in Kosovo has been critical in bringing Kosovo out of a decade of neglect and conflict. The immediate challenges are to consolidate the gains made, ensure there is no relapse in progress, and continue to strengthen the foundations for a stable democracy and sustainable economy.

The USAID Program: A new USAID/Kosovo strategic plan covering FY 2004 -2008 was approved in August 2003. The new strategy moves from a humanitarian response focus of early interventions to a development program with the objective of transforming Kosovo into a democratic self-governing economically sustainable entity in which all citizens have equal opportunities and rights. The U.S. Mission has provided the impetus and support for much of the progress realized to date in Kosovo. The Kosovans (including the public sector, private sector, and civil society) have been active partners and participants in this recovery, exhibiting a receptivity to change that has been a major contributor to the substantial progress that has been made. This active participation is expected to continue into the new strategy period and will be a key ingredient in the reach and sustainability of the program. The Program

Data Sheets provided below cover four core and two supporting objectives for which USAID is requesting FY 2004 and FY 2005 funds.

The two economic objectives concentrate on improving the institutional, policy, and legal environment for productive investments, while supporting the development and expansion of competitive industries, promoting growth in local and regional market share, and creating options for market-driven allocations of capital assets. Special emphasis will be placed on redressing the current over-reliance on trading and service industries.

The democracy objectives will support the transformation to self-government by strengthening recently-created democratic institutions, helping the Kosovans take ownership of these bodies, and strengthening the relationship between civil society and local governments so that they act as partners in furthering democratic processes. Building on the progress in devolving authority to municipal governments, USAID will initiate a local governance program that will address broad policy issues concerning municipal competencies and decentralization, as well as practical hands-on assistance at the local level. These activities will be complemented by civil society and media activities that will strengthen the ability of civil society and media to perform a watchdog role and assist effective citizen participation by increasing the level of citizen awareness and understanding of important political, economic, and social reforms.

Throughout the program there is an emphasis on capacity building, both institutional and human. The transition of Kosovo from the poorest province in the former Yugoslavia to a viable and fully functioning market-driven democracy is dependent on the capacity of Kosovans to both lead and sustain the transformation. Training and education activities will address the shortfall in human capacity that currently hinders Kosovo's ability to develop mature economic and democratic systems. Among these programs is a women's leadership activity implemented by the National Albanian-American Council.

Special initiatives will support an anti-trafficking program, provide assistance for effective turnaround management of the electric company, and support targeted assistance to the health sector through HIV/AIDS and tuberculosis control programs. FY 2004 funds will be used to transition from the current program to full implementation of the new strategy as projects are designed over the course of the year.

Other Program Elements: None

Other Donors: The European Commission, through programs implemented by the European Agency for Reconstruction and through funding for UNMIK's Pillar IV (Reconstruction, Economic Recovery and Development), has been the largest donor to date, with activities in public administration reform, decentralization, judiciary, customs and taxation, energy, environmental management, economic development, minority return, rural development, civil society, and university education. Other major donors and their principal areas of focus include: Germany (energy, water, transport, private sector development); Canada (education, public administration, public health); Sweden (agriculture, returnees, youth, anti-trafficking, energy, civil society); the United Kingdom (civil society, access to justice, customs, health, social policy, public administration); Switzerland (business development, agricultural, environmental protection, vocational education); and the United Nations Development Program (security, job-creation and minority programming, local development). Although there are few formal mechanisms for donor coordination, donor collaboration has increased significantly over the past year, most significantly in the areas of support to the central and municipal assemblies, legal reform, judicial reform, and media.

Data Sheet

USAID Mission:	Kosovo
Program Title:	Economic Policy and Institutions
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	167-0120
Proposed FY 2004 Obligation:	\$7,050,000 AEEB
Prior Year Unobligated:	\$1,217,000 AEEB
Proposed FY 2005 Obligation:	\$5,700,000 AEEB
Year of Initial Obligation:	2004
Year of Final Obligation:	FY2008

Summary: USAID's economic program for Kosovo promotes the effective implementation and institutionalization of key reforms in fiscal policy, financial market development, commercial law development, privatization, and trade and investment policies through intensive technical assistance, training, and development of human capacities in Kosovar institutions. Future efforts will build on past achievements and will focus on institutionalization of these reforms. Much of the effort will be concentrated on strengthening the human capacity in the institutions as well as on effective dissemination of improved economic policies and public administration practices. Economic Policy and Institutions activities were previously notified under Strategic Objective 167-0130.

Inputs, Outputs, Activities:

FY 2004 Program:

Economic Policy and Institutional Development (\$7,050,000 AEEB; \$1,217,000 AEEB carryover). USAID will build upon technical assistance in support of economic reform and institutional development in the areas of fiscal and financial sector reform, commercial law development, pension reform, privatization, and trade and investment policies through intensive targeted technical assistance and training. Assistance will shift from establishing institutions to institutionalizing policies and procedures. In that regard, the role of USAID advisors will shift from managing and running institutions, to advising Kosovar counterparts who have assumed these responsibilities of managing Kosovar institutions. At the Ministry of Finance and Economy (MFE), assistance will intensify in training and capacity building for public officials in the following areas: macroeconomic analysis, budget planning and execution (at both municipal and central levels), and treasury functions and taxation, including a property tax. In developing a market-oriented commercial law regime, USAID will provide assistance to the Office of The Prime Minister, Assembly, key ministries, and the legal community in promulgating and implementing laws. USAID assistance will ensure that the Kosovo Pension Savings Trust has the ability to administer effectively the mandatory defined-contribution pension scheme.

Privatization assistance will be provided to the Kosovo Trust Agency (KTA) to facilitate a transparent and efficient privatization process of socially-owned enterprises (SOEs), including privatizing agricultural SOEs, as well as assisting with public education to promote understanding and support for privatization. Assistance will continue at a reduced level to the Banking and Payments Authority of Kosovo (BPK) to strengthen the regulatory environment required for sound banking, insurance, and pension systems. Long-term assistance in banking regulation will be provided, with limited short-term assistance to BPK insurance and pension departments. Assistance will phase out in areas such as telecommunications, procurement, and public utilities. In addition, through work with a local economic think tank, USAID will enhance local expertise in economic policy formulation and business advocacy. The direct assistance to Riinvest will phase out by the end of 2004. Contractors: BearingPoint (prime), The Services Group (sub), Overseas Strategic Group (sub); Grantee: Riinvest.

FY 2005 Program:

Economic Policy and Institutional Development (\$5,700,000 AEEB). USAID will remain engaged in technical assistance to the MFE and BPK with consultants acting only in an advisory capacity to

Kosovars, utilizing intensive training of counterparts at the individual as well as department level. In commercial law development, assistance will emphasize implementation of laws through extensive training for the legal community. Assistance to the Kosovo Pension Systems Trust will ensure effective administration, while refining laws and investment policies. Above all, USAID efforts will emphasize training and capacity-building to ensure sustainability. Privatization efforts will accelerate with a goal of completing privatization. USAID will provide assistance on policy issues related to trade and investment, as well as assistance in promoting implementation of trade agreements. Public education will underpin all areas of support. Contractors: To Be Determined.

Performance and Results: USAID's economic program has provided valuable support for the establishment, development, and strengthening of Kosovar economic governance institutions. Much of its targeted assistance is focused on the PISG, particularly the MFE. The aim is to make this a strong institution, capable of providing strong policy leadership and effective fiscal management. USAID support to the MFE has created sound, transparent, and well-implemented tax and budget regimes, including fiscal decentralization. Support to BPK in regulating the financial sector is widely-regarded as successful, already resulting in sound and stable banking, insurance, and pension sectors. USAID's creation of a social safety net, including a modern, multi-pillar pension system, provides elderly Kosovars with a basic monthly pension. It also has established a modern pension system for current workers. Core commercial legislation is currently in place, although not yet well-implemented. Legal issues that have delayed privatization are expected to be resolved, with privatization efforts resuming. By completion of the program, Kosovo will have strong economic, financial, and legal institutions that are well prepared to support a market-based economy driven by private-sector growth. SOEs will be privatized, with accelerated investment and economic activity in Kosovo. Continued progress in this objective will provide the enabling environment required for supporting the growth of productive enterprises, which in turn provide employment, higher incomes, and better quality of life for the Kosovar population.

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.

Data Sheet

USAID Mission:	Kosovo
Program Title:	Accountable and Transparent Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	167-0210
Proposed FY 2004 Obligation:	\$7,250,000 AEEB
Prior Year Unobligated:	\$3,188,000 AEEB
Proposed FY 2005 Obligation:	\$8,200,000 AEEB
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2008

Summary: Assistance under this strategic objective aims to develop and strengthen the relationship between civil society and local governments so that they act as partners in furthering democratic processes. USAID will work with both citizens and local governments to develop this relationship. At the citizen level, there is a need to improve public information about individual rights and responsibilities, facilitate understanding of political, economic, and social reforms, and promote citizen participation. These efforts will include work with the media, NGOs, and informal citizens' groups. Assistance to local governments will ensure that they are fulfilling their key functions effectively, and that local government operations are transparent and accountable to their constituencies.

Inputs, Outputs, Activities:

FY 2004 Program:

Independent Media (\$1,100,000 AEEB, \$1,200,000 AEEB carryover, \$79,000 AEEB prior year recoveries). USAID support has been key in ensuring the physical production and transmitting infrastructure for two Kosovo-wide TV stations and for more than 20 local radio stations and building the capacity of Kosovar journalists to provide timely and unbiased information. In FY 2004, USAID will continue its assistance to: ensure unbiased and professional reporting in both print and broadcast media, focusing on increasing the business and investigative reporting skills; build the capacity of media associations to act as self-regulators and advocate for protection of freedom of expression by increasing their organizational capacities and advocacy skills; increase the financial viability of the private TV stations by providing them with technical assistance and advice; and assist Kosovars in building a legal framework that ensures a level playing field for public and private television broadcasters to compete. Grantee: International Research and Exchange Board (IREX)

Civil Society (\$1,900,000 AEEB, \$159,000 AEEB carryover). In FY 2004, support will continue to focus on increasing the role of NGOs in becoming better advocates of the issues they represent and increasing the capacities of the public policy and think tank organizations and their interaction with the government. To promote the sustainability of NGO advocacy, USAID will strengthen the capacity of the Foundation for Democratic Initiatives (FDI), an indigenous grant-making foundation, and the Advocacy Training and Resource Center to become sustainable organizations that provide demand-driven assistance to the NGO sector. In addition, USAID will encourage the nascent practice of coalition-building among influential NGOs in Kosovo and continue to increase the capacity of indigenous trainers for basic NGO skills. Grantee: East West Management Institute (EWMI)

Local Government (\$4,250,000 AEEB, \$1,750,000 AEEB carryover). In early 2004, USAID will initiate a three-year, \$10 million Local Governance Strengthening Program that will assist selected Kosovo municipalities in improving their local institutional capacities by 1) strengthening the legal and institutional framework of local governance and 2) promoting good governance at the local level. At the central level, USAID will ensure adequate input from all stakeholders in dialogue, policy formulation, and legislative drafting, in order to clarify and refine the roles and responsibilities of municipal governments to enable those governments to function effectively. At the local level, Resident Municipal Consultants will be

assigned to pilot municipalities to work side-by-side with municipal authorities to develop capacity, establish procedures, and provide on-the-job training while addressing real community problems on a demand-driven basis. The work with the pilot municipalities will focus on three areas of improving local governance: 1) improved municipal management and leadership; 2) transparency, accountability, and public participation; and, 3) fostering local economic development. The local governance project will complement ongoing USAID and other donor projects to promote and facilitate minority returns, integration, and the rights of ethnic minorities. Contractor: To be determined.

FY 2005 Program:

Independent Media (\$2,000,000 AEEB). In FY 2005, USAID will continue to be involved in building a media legal framework that would ensure a sustainable media environment for both public and private media to survive; further assist media associations and media regulatory bodies by making them effective advocates of freedom of expression and professional conduct media professionals; and, continue to increase the professional capacity of journalists in both print and broadcast media focusing on investigative and business reporting as well as begin to engage more journalists in civic journalism. Contractor/Grantee: To be determined.

Civil Society (\$2,000,000 AEEB). USAID will assist a smaller number of NGOs, networks, and coalitions to make them more efficient advocates and agents of change. In addition, USAID will assist public policy NGOs and think tanks to better engage in policy dialogue with the decision makers at both local and central level. Contractor/Grantee: To be determined.

Local Government (\$4,200,000 AEEB). USAID will continue to implement the new local governance program, and more fully integrate it with other USAID and donor programs addressing citizen participation, local economic development, increased transparency, minority returns, and decentralization. The program will help consolidate transfer of competencies from UNMIK to municipal governments, and possibly begin the rollout of the program beyond the initial pilot municipalities. Contractor: To be determined.

Performance and Results: According to two different media surveys conducted on a quarterly basis, one independent and the other funded by USAID, the two private TV stations that are primarily assisted by USG funding have a notable increase in the audience share. The two private Kosovo-wide TV stations share 58% of the viewers leaving the rest of viewers to be shared between the public and the international satellite channels. The two private stations now have full program schedules and earn revenues from advertising and satellite subscriptions that now cover much of their expenses, improving prospects for financial sustainability in the near term. The quality of reporting in both print and broadcast media has increased. However, the media associations are nascent and have been slow in assuming their role in ensuring self-regulation mechanisms for print journalists. They have not shown the ability to engage successfully in policy dialogue with decision-makers. In the NGO sector, there are at least ten laws and regulations that were adopted at the local level as a direct result of NGO advocacy campaigns funded by USAID. There is at least one campaign underway in each of Kosovo's 30 municipalities, undertaken by USAID-trained and funded NGOs. Recently there has been a trend among NGOs to establish coalitions to advocate for Kosovo-wide issues such as electoral law reform and equal gender representation in political processes.

By the end of the strategy period, it is expected that USAID assistance will have resulted in or contributed to at least one Kosovo-wide independent private television station that is financially sustainable without donor support and which provides an alternative source of professional news and information programming. Furthermore, professional media and journalist associations will play a more active and effective role in promoting professional media and protecting freedom of speech. NGOs will regularly engage government official and institutions and successfully advocate for changes. Municipal governments will be more responsive to citizens, and begin to fulfill their tasks effectively and contribute to more effective service delivery and increased economic opportunities.

Data Sheet

USAID Mission:	Kosovo
Program Title:	Democratic Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	167-0220
Proposed FY 2004 Obligation:	\$6,100,000 AEEB
Prior Year Unobligated:	\$1,498,000 AEEB
Proposed FY 2005 Obligation:	\$4,900,000 AEEB
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2008

Summary: USAID's democratic institutions program will support Kosovo's transformation to self-government by strengthening recently created democratic institutions and helping Kosovars take complete ownership of these bodies. USAID's democratization approach to date has focused on promoting transparency and accountability during the transitional phase of international administration. This approach will expand to include the creation of a truly representative electoral system, responsive political parties, a legislature that exercises effective oversight, an independent judiciary staffed by competent legal professionals, efficient court administration, and increased access to justice for all Kosovars. Strengthening these key institutions will help the Mission achieve its goal of helping Kosovo become democratic and self-governing, providing equal opportunities and rights for all citizens. Assistance to Democratic Institutions was previously notified under Strategic Objective 167-0210.

Inputs, Outputs, Activities:

FY 2004 Program:

Rule of Law (\$4,300,000 AEEB, \$1,100,000 AEEB carryover). In 2004, USAID will continue to work with legal professionals to build their professional capacity. USAID will assist UNMIK, Kosovar legal professionals, and civil society in developing laws and policies that support an effective and impartial Kosovar justice system. Priority areas for reform include structural and functional reform in the justice system. USAID will assist in developing a comprehensive strategy and action plan for a post-UNMIK justice system in Kosovo. Moreover, USAID's program will: strengthen the capacity of the court system to operate smoothly, impartially, and effectively while protecting the human and legal rights of citizens; develop systems to provide effective oversight for judges, prosecutors, and lawyers in the areas of ethics and delivery of quality services; and, increase public awareness of Kosovo's evolving legal framework and justice system to improve access and ensure individual and community rights are protected. The importance and enormity of this issue coupled with the slow progress to date will make rule of law a major area of emphasis in 2004. Grantees: American Bar Association/Central and East European Law Initiative; Contractor: National Center for State Courts.

Political Process (\$1,800,000 AEEB, \$398,000 AEEB carryover). The FY 2004 program components will complement one another and increase coordinated activity at the Kosovo-wide and municipal level. The program seeks to promote the democratization of political parties and the central and municipal assemblies by facilitating constructive interaction between representatives and their constituents. The 2004 elections for the Kosovo Assembly represent an important opportunity for USAID to consolidate advances in intra-party democratization, inter-party collaboration and civic engagement, and to marginalize extremist elements by further strengthening democratic institutions such as the Assembly and Municipal Councils. The future Political Process Strengthening program will be a follow-on program and will include a clear emphasis on supporting the PISG and "localizing" this technical support. As UNMIK has agreed to turn over for the first time some election administration competencies to Kosovar institutions in 2004, USAID will provide assistance to the Kosovar Central Elections Committees and others responsible for ensuring the administration of free and fair elections. Grantees: National Democratic Institute (NDI) and to be determined.

FY 2005 Program:

Rule of Law (\$3,600,000 AEEB). Rule of law assistance will support the improvement of court administration; the development and implementation of justice system reforms; oversight for judges, prosecutors, and lawyers; and, increased public awareness and understanding of the legal system. Contractor/Grantee: American Bar Association and East European Law Initiative; National Center for State Courts.

Political Processes (\$1,300,000 AEEB). USAID will provide training and orientation for new members of the Kosovo Assembly and continue to work with Assembly Committees and members to improve the effectiveness of the legislature. USAID will also continue to provide training to political parties to improve their ability to develop policies, strengthen internal democratic structures, promote participation of women and youth, and effectively reach out to constituents. By 2005, a sound legal and policy framework for good governance would be in place including a Freedom of Information Act. Grantee: National Democratic Institute and to be determined.

Performance and Results: To date, USAID has helped establish Kosovo's first ever registry of voters and elections administration through the Joint Registration Task Force (JRT). Smooth and efficient processes set up by the JRT allowed Kosovo's first three elections to be judged free and fair by local and international monitors. USAID helped improve the ability of political parties to conduct coherent campaigns and improve internal democratic practices. The Assembly, established following elections in 2001, has adopted rules of procedures, formed committees that debate draft legislation, and overcome ethnic tensions and disagreements with UNMIK to adopt legislation and represent citizen interests. The Chamber of Advocates has emerged as a vibrant organization and advocate for legal reform, and an Association of Judges has formed to represent the interests of its members. USAID has supported programs to provide legal professionals and citizens with access to legal databases, and to train all existing judges and prosecutors to achieve a minimally acceptable level of competence in practical skills related to their jobs. Court administration has been improved through training and development of management and automation systems, such as fee and fine collection software.

By the end of the strategy period, it is expected that USAID assistance will have resulted in or contributed to increased capacity and indigenization of democratic institutions. For the first time, Kosovars will have had full responsibility for administering elections, and will have substantial or complete responsibility over the justice system. Political parties will be more internally democratic and elected representatives will be more responsive to their constituencies. The Assembly will be more effective at conducting its business, and the three branches of government will begin to perform checks and balances on each other.

Data Sheet

USAID Mission:	Kosovo
Program Title:	Special Initiatives
Pillar:	Global Health
Strategic Objective:	167-0410
Proposed FY 2004 Obligation:	\$1,816,000 AEEB
Prior Year Unobligated:	\$200,000 AEEB
Proposed FY 2005 Obligation:	\$300,000 AEEB
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2008

Summary: Three important activities will be implemented as special initiatives. All are vitally important to the development of Kosovo, but fall outside of the Mission's core objectives. These activities address U.S. Government priorities, such as anti-trafficking and HIV/AIDS. The activities are often limited in scope and implemented as part of a larger donor effort.

Inputs, Outputs, Activities:

FY 2004 Program:

Anti-Trafficking (\$300,000 AEEB). USAID will use these funds to incrementally fund the anti-trafficking program focusing on the reintegration of Kosovar victims of trafficking. This program is designed to address the specific phenomenon of trafficking of local victims. The program will also provide training on prevention and awareness measures. The activity aims to establish a governmental and non-governmental referral system to protect the trafficked victims. Implementer: International Organization for Migration.

Energy (\$816,000 AEEB, \$200,000 AEEB carryover). USAID will continue to assist in fully implementing and utilizing the billing and collection system at the Kosovo Electric Corporation (KEK), as well as supporting the development of the legislative framework for the energy sector. In addition, support will continue to be provided to complete the tender for turnaround management, which is expected to be in place in 2004. Prior year unobligated funds were previously notified under 167-0130, Private Enterprise Growth. Under the Mission's new strategy, energy will be implemented as a special initiative and these funds are being re-notified under 167-0410. Contractors: Chemonics; Pierce Atwood.

Health and Vulnerable Populations (\$700,000 AEEB). With these resources, USAID will continue limited support to the Ministry of Health's Tuberculosis (TB) Control Strategy in building internal management capacity, strengthening monitoring systems and data quality control, and preparing concomitant policies and protocols to ensure proper infection control within TB outpatient facilities. Grantee: Doctors of the World, USA.

Building on previous HIV/AIDS assistance, support will be provided to the Kosovo AIDS Committee and Institute of Public Health for the institution of a viable STI-HIV surveillance system as the essential foundation for the successful implementation of recently approved Kosovo Strategy for HIV/AIDS Prevention (2004 - 2008). This initiative comes as results of successful implementation of the USAID sponsored HIV/AIDS Prevention program that brought the strategy to its fruition and established three Voluntary Counseling and Testing Centers (VCT) in concert with a comprehensive awareness campaign. Grantee: To Be Determined.

Support will be provided for the Initiative for Inclusion, a civil society support program for citizens with mental disabilities and their families. This initiative will bring about an increased integration of people with mental disabilities in present-day Kosovar society, ensure effective and inclusive policy-making that builds

on the participation of people with mental disabilities and family members, and establish human rights oversight for people with mental disabilities. Grantee: Mental Disability Rights International.

FY 2005 Program:

Anti-Trafficking (\$300,000 AEEB). A second phase of the Anti-Trafficking will be designed and implemented with lessons learned from the initial 18-month program. Grantee: International Organization for Migration.

Performance and Results: Anti-Trafficking: USAID assistance contributed to the establishment of the Kosovar Inter-Ministerial Governmental Commission to Combat Trafficking in Human Beings. The Governmental Commission will take ownership and coordination of current counter-trafficking activities and be the predominant factor in preparation of Kosovo's anti-trafficking strategy.

Health: The Ministry of Health (MOH) surveillance reporting indicates a drop in tuberculosis incidence from 78/100,000 in 2001 to 67/100,000 in 2002. With USAID support, in FY 2003 Kosovo has secured a three-year agreement with Global Drug Facility (GDF) for the provision of first line drugs. As result of laboratory strengthening, more than 40% of TB diagnosis is now done through direct smear and culture in seven regional TB laboratories. To date the health partnerships provided training in hypertension screening, treatment and clinical practices to 61 general practitioners and 152 nurses, which includes over 95% of family medicine centers in the USAID targeted region. Two Women Wellness Centers (WWC) were established in the USAID targeted regions and are providing continuous health care and support services to approximately 1,600 women a month in both regions. Both WWCs are now part of the Ministry of Health primary health care services network.

As result of USAID support for HIV/AIDS prevention, Kosovo has recently developed a comprehensive five-year HIV/AIDS strategic plan (2004-2008). In FY 2003, USAID support enabled the opening of two Voluntary and Counseling Centers, with more than 150 people receiving confidential counseling and testing services. In cooperation with the Kosovo AIDS Committee, the USAID HIV/AIDS prevention project produced a high-profile media campaign on HIV/AIDS prevention that has reached over 100,000 youth and a considerable segment of the general population.

Energy: The automated customer billing and collection system, known as Customer Care Package (CCP), was installed in all seven electric distribution districts. In the process, 110,000 new customers were added to the system. The CCP data underscores the need for continued improvements to be made within KEK's management structure to enable the utility company to assume the appropriate responsibilities for infrastructure rehabilitation, maintenance, and expansion in the future. The tendering process for turnaround management for KEK was initiated with the solicitation of interest from potential bidders.

Data Sheet

USAID Mission:	Kosovo
Program Title:	Cross-Cutting Programs
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	167-0420
Proposed FY 2004 Obligation:	\$4,100,000 AEEB
Prior Year Unobligated:	\$1,068,000 AEEB
Proposed FY 2005 Obligation:	\$3,800,000 AEEB
Year of Initial Obligation:	FY 1999
Year of Final Obligation:	FY 2008

Summary: Activities funded under this objective are cross-cutting in nature and will support the achievement of all strategic objectives. There are three major components in this objective: 1) training and education programs; 2) support for cross-cutting Issues; and 3) administrative/technical support. Training and education programs are cross-cutting activities implemented to address the shortfall in human capacity that hinders Kosovo's ability to develop mature economic and democratic systems. The problems stemming from an inadequate education base is a recurrent issue throughout all activities. A three-pronged approach to address the human development aspect of capacity will focus on 1) leadership training; 2) long-term degree training; and, 3) shorter-term technical training and study. Funds will also be used to assure that core strategic objectives effectively address other priority cross-cutting issues, such as corruption, youth, gender, and the U.N.'s Standards for Kosovo Initiative. In addition, funds under this cross-cutting objective provide program support and technical expertise, which enable the Mission to develop, monitor, and evaluate program implementation.

Inputs, Outputs, Activities:

FY 2004 Program:

Leadership Training (\$800,000 AEEB). The need for new leadership definitions, knowledge, and skills is prevalent throughout Kosovar society. This is especially true among professionals responsible for leading ministries, agencies, and departments of the new and emerging central and local governments. The Leadership Training program follows on the current Hope Fellowship program, which provides a three-month U.S. internship for emerging women leaders. The new program will offer a teaching-learning approach for building capacity, providing training in Kosovo over an extended period. Focus will be on mid-level managers in emerging economic and democratic institutions. Training will center on practical application, using pedagogical techniques based on adult education principles and participatory methods. The training is project-focused, requiring participants to develop and apply leadership initiative in their work places. The program also includes strengthening the network of graduates to become activists in: 1) leading civil society change through advocacy; 2) designing programs for emerging youth leaders; and, 3) hosting public seminars to stimulate new ideas and expand dialogue and models of new leadership throughout Kosovo. Grantee: National Albanian-American Council.

Participant Training (\$1,700,000 AEEB). A new participate training program will begin in FY 2004, providing a responsive and flexible mechanism that will provide targeted short-term training and study opportunities that complement and supplement all strategic objectives. Contractor: World Learning

Cross-Cutting Issues Support (\$336,000 AEEB prior year recoveries). In addition to human capacity building, four cross-cutting issues (corruption, youth, gender, and conflict/reconciliation) were identified in the Mission's new strategic plan as being immediate priority areas for Kosovo's economic and democratic development. Funds will be used to support focused initiatives that target one or more of these issues and complement the work undertaken by the four core strategic objectives. In addition, funds will be used to assist the Kosovar institutions fulfill the UN's "Standards for Kosovo." Contractors/Grantees: To be determined.

Program Support (\$1,600,000 AEEB, \$732,000 AEEB carryover). In addition to supporting the operations and personnel costs of the program personnel who manage USAID's on-going activities, FY 2004 funds will support efforts to fully implement the Mission's new five-year strategic plan -- including studies and surveys, project management training, action plans for cross-cutting issues, and a new performance management plan.

FY 2005 Program:

Leadership Training (\$800,000 AEEB). Training for the second group of emerging leaders will be implemented. Additional program focus will be on strengthening the role of the Kosovar associate trainers, with the objective that they become master trainers at the end of their apprentice period. Grantee: National Albanian-American Council.

Participant Training (\$1,300,000 AEEB). The participant training program, noted for FY 2004, will continue. Emphasis in the second year of the program will be on monitoring returned participants to ensure that they are able to utilize training received. A small grants component may be added to provide more effective application of the training by returned participants. Contractor: World Learning.

Cross-Cutting Issues Support (\$400,000 AEEB). Funds will continue to support cross-cutting issues as described above. Contractors/Grantees: To be determined.

Program Support (\$1,300,000 AEEB). FY 2005 funds will continue to be used for program support.

Performance and Results: The fourth group of Hope Fellows completed their internships in the United States and preparations were completed for the fifth and final group, which brings the total of women leaders trained under this program to 51. The returned participants have formed three actions groups focused on: 1) Leadership Dialogues, 2) Emerging Youth Leadership Awards Program, and 3) Buy Kosovar Products Advocacy Campaign. Funds obligated to other activities under this objective support the program objectives across the Mission portfolio and contribute to the results achieved by the core strategic objectives.