



OCTOBER 2004

Sida Report
October 2003–June 2004

Kosovo



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Published by Sida 2004

Department for Europa

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Printed by Edita Sverige AB, 2004

Art. no.: SIDA4274en

This publication can be downloaded/ordered from www.sida.se/publications

1 Summary

The outbreak of violence in March 2004 was the most significant political event in Kosovo during the reporting period. 19 people were killed in clashes and more than 700 houses were destroyed. Over 4100 minorities fled their homes. The main political process in Kosovo, Standards for Kosovo and its implementation plan, had to be revised and the government's focus has since, under huge international pressure, been focused on reconstruction of destroyed homes and returns of internally displaced persons. Despite the enormous set-back in relations between ethnic groups in Kosovo, public institutions are slowly being built and power is increasingly being transferred from UNMIK to local institutions. The economic and social development remains to show some alarming signals, where the lack of enough economic growth and social tensions are especially worrisome. Sida continues to implement its development co-operation in accordance with its Kosovo Strategy, adopted by the Swedish government. A new Strategy is being prepared and planned for the years 2005–06. Special attention during the reporting period has been on gender training for implementing partners, as well as an increased policy dialogue with local and international decision-makers in Sida-funded sectors. Disbursement during year 2003 approximately reached its planned and committed levels and for year 2004 disbursements are in accordance with planned budget. The Swedish support is closely being co-ordinated with EU support, where support is complementary in several sectors. In the programmes, support is being given in the sectors outlined in the Strategy. Support to public institutions, to infrastructure, to minority returns and to human rights, continues to be the largest sectors. Strategically important support is given in the sector of environment and a new long-term project in Forestry Education has just started. Project goals are generally being reached, supporting the slow and more long-term development of a democracy and market economy. However, the support has limited immediate and aggregated outcome in the society, due to the very uncertain political stability and future of Kosovo.

2 Strategic Political and Development Trends

The most significant event during the reporting period was the ethnically motivated violence and protests on March 17–18 2004, which left 19 persons dead, more than 900 persons wounded, about 730 houses destroyed or damaged and 36 churches destroyed or damaged. More than 4100 minorities become internally displaced persons. These events represent the most critical in post-conflict Kosovo. Reasons behind the violence are heavily debated. Clearly, however, there has been a growing dissatisfaction and frustration in the society, caused by the absence of a clear political perspective, lack of economic and social development, combined with parallel structures and ethnically divided societies. A few incidents of shootings against Serbs and drowning of Albanians therefore sparked the devastating clashes.

Following the launch on 10 December 2003 of the "Standards for Kosovo" and the launch of its implementation plan on 31 March 2004, the implementation of standards remains the leading and most important political process. After the violence in March the plan was revised to take into account those events and its aftermath. The standards implementation process has moved forward, albeit slowly and with difficulty. The March violence was a huge set-back, in that basic rights such as freedom of movement and security were fundamentally undermined. Since then, the government's focus has been on, under huge international pressure, rebuilding the damaged and destroyed houses, with funds provided from the Kosovo Consolidated Budget, so that IDP:s could return as soon as possible.

Regarding democratic institutions, UNMIK completed the transfer of responsibilities under chapter 5 of the Constitutional Framework to the PISG at the end of 2003, while the 2004 budget was the first to be prepared and managed by the Kosovo Minister of Finance and Economy. The functioning of the Kosovo Assembly in the preparation of legislation slowly continued to improve, despite persistent shortcomings in its administration. Since March, the Kosovo Serb representatives are not participating in the Assembly because of the recent violence. Among important legislation, a Law on Gender Equality was adopted and promulgated on 7 June. Operational responsibility for running the Assembly elections in 2004 will for the first time be entrusted to the people of Kosovo. A multi-ethnic Central Election Commission has been

created to conduct the elections. Regarding decentralisation, the government is drafting a framework document for local government reform.

Economic development, or rather lack of, remains to be one of the most alarming signals in the Kosovo society. The economy continues to be far from self-sustaining, where growth is mainly driven by foreign assistance, remittances from abroad and public spending. Even though the year of 2003 enjoyed a growth rate of about 4%, economic stagnation is threatening. The GDP per capita remains the lowest in the region and unemployment rates ranges between 38 and 50%. The trade deficit remains substantial. Recent estimates of poverty levels conclude that overall poverty has been reduced, however they also conclude that extreme poverty in Kosovo has risen from 12% to about 15%. Poverty is widespread and very visible. The banking sector has continued to expand. Money markets have continued to grow at a good rate, but most of the deposits remain outside of the scope of borrowers. Privatisation has continued to be stalled. Recent, there are indications of continuation, but many political hurdles are left to clear.

According to the Human Development Report for Kosovo 2004, a slight increase in Kosovo's aggregate Human Development Index (HDI) has been recorded. With a HDI of 0.734, Kosovo ranks at a medium level of human development. The Education Attainment Index and the GDP Index record slight gains, while the Life Expectancy Index appears to indicate a slight decline. On the Gender Development Index, a slight increase can be seen, however the absolute score reflects the fact that women are disadvantaged to men in most dimensions of the HDI. A demographic report shows that fertility rates are declining, but that Kosovo with today's natural increase of population would still double in about 40 years. Internal migration is worrisome, with a recorded high move into the Pristina region. Regarding education and literacy, school participation rates are high, but that females and rural residents are still at a disadvantage.

In June, the Secretary General of United Nations appointed his new Special Representative for Kosovo, Mr Soren Jessen-Petersen. He will arrive to Kosovo in August, having in his luggage a fresh UN-report from Ambassador Kai Eide about the situation in Kosovo, calling for revised policies, reorganisation of UNMIK and higher engagement for economic and social development.

3 Swedish Development Co-operation – Overview

3.1 Strategy and General Orientation of Programme

The present development co-operation with Kosovo is based on the Strategy running from November 2002 to December 2004, adopted by the Swedish Government. The volume of assistance has during the strategy period gradually been decreasing to approximately SEK 100 million annually. A general redirection is taking place, moving from pure humanitarian aid to more long-term development co-operation. The development co-operation continues to help sustain EU's Stabilisation and Association Process and supports key areas in the Standards for Kosovo.

During the reporting period, efforts have been taken to increase awareness among implementing partners regarding gender equality and how to mainstream gender all programmes. Similar efforts are planned for environment. Within all projects and programmes there is also high elements of capacity building, training and education. To additionally support the development in Sida-funded sectors, the Sida officers has been increasingly involved in policy dialogues with international and local decision-makers.

A new Strategy on Sweden's development co-operation with Kosovo is currently being drafted, most likely covering the years 2005–06.

3.2 Commitments and Disbursements

During the year of 2003, Sida committed SEK 117 293 294 of which SEK 112 362 186 was disbursed. This is in accordance with the gradual decreasing of Swedish funds during the Strategy period. For year 2004, Sida has committed SEK 89 931 140 and planned additionally SEK 24 200 000, which gives a total of SEK 114 131 140. So far, SEK 34 279 053 has been disbursed.

3.3 Co-ordination with EU and other donors

Many of the Sida-financed projects are core activities directly supporting the EU's Stabilisation and Association Process (SAP). Especially projects supporting an efficient public administration (within Statistics, Cadastre, Municipalities), the establishment of a market economy (including the reform of transport or energy companies), as well as an environmentally

sustainable development. Several activities are also indirectly supporting the SAP, i.e. projects strengthening democratic principles and human rights, projects facilitating the return of refugees or internally displaced persons and projects supporting social development. Several of the programmes are in direct attachment to CARDS and EAR funded programmes, where Sida contributions add value to ongoing and more extensive EU-programmes.

Donor Co-ordination continues to be a difficult and contested challenge in Kosovo. It takes place at various levels and in different forums, even though it might be more accurate to call it "information-sharing" rather than actual co-ordination. On behalf of the local authorities, the Ministry of Finance and Economy (MFE) invites multi- and bilateral donors to both general and sector meetings on various topics. A specific local office for donor co-ordination has been established within the MFE. Among European bilateral donors the European Agency for Reconstruction (EAR) arranges meetings every second week.

4 Sectors and Projects

4.1 Institutional Capacity Building, Public Services

Within the sector of public administration, there is lots of various support from many different donors which puts pressure on the absorption capacity of the local institutions. There is no big public administration reform process ongoing, but focus is rather on capacity building in the newly established Provisional Institutions. A Kosovo Institute for Public Administration (KIPA) has been established, with support from mainly UNDP. The biggest needs for the future is capacity building on middle management level and for civil servants, as well as on the municipal level once the political decentralisation process becomes clear. Without the future status solved in Kosovo, there is an apparant unclear future for public institutions. The support of capacity building for central and local institutions is focused on three areas; Statistics, Cadastre and financial systems at municipal level.

An evaluation of the support to the Statistical Office of Kosovo (SOK) was conducted during the reporting period, where the output achieved and the methodology used in providing the support was questioned. Therefore decisions on future support were postponed, until Statistics Sweden can incorporate the proposed changes and enable SOK to increase the absorption capacity of the institution. In the meantime, the project continued providing support in the sectors where positive changes were already noticeable, within different areas of economic statistics, but no new initiatives were taken. In this regard a list of concerns was submitted to SOK. These concerns were directed in an efficient manner and the future support to SOK is presently being discussed. SOK has recruited a new, local, Chief Executive Officer, whom has said to restructure the internal departments. It is worth mentioning that the production levels at SOK have begun to increase satisfactorily. The dissemination policy has also been improved, and SOK has recently begun sending data to Euro-Stat. Regarding the support on agricultural statistics, a third phase of the project was initiated in March 2003. During the project period the assistance was given to the semi-annual structural surveys on farm holdings, support and trainings were also provided in such areas as general survey technique, sampling, construction of the questioners and manuals, data gathering, data collection, data entry and training of enumerators.

Property rights are one of the Standards for Kosovo. While the Kosovo Cadastre Support Programme, funded by the Governments of Sweden, Norway and Switzerland, and implemented by UN-HABITAT came to an end in October 2003, discussions have been ongoing since then about future support. The program was established to rectify and improve the situation and lay the foundation for the future sustainable and land administration framework to support a well functioning land sector. The program has been rather successful in setting up an institution and building capacities. The focus has been on providing an infrastructure for cadastre and building the capacity of the organizations that provide cadastral services. Two important and major parts of the Programme were to establish the Kosovo Cadastre Agency (KCA) as an institution at Kosovo level and to strengthen the Municipal Cadastre Offices (MCO's) at local level. The next phase in the development of the Land Administration in Kosovo is based on the Land Administration Policy for Kosovo and the Action Plan for the KCA implementing the policy.

The support continues to the municipal part of the Treasury Ledger Programme. The project was formulated to enable timely and accurate updating of the budget, remotely from the offices of various municipalities. The benefits of the project have proven to be many-fold. It provides information on the budget processes, it is increasing transparency within the budget structures, local and central, and capacity building by the provision of training. It is worth noting, that the project is also providing data for the Statistical Office of Kosovo. After the departure of the Project Director (international), and the Project Manager, a new manager was recruited. The project continues to be implemented on time. All the Free-Balance stations have been installed, and the modules for revenues and expenditure as well. The purchasing module is being delayed, because the project team is waiting on the procurement law, in order to automate the purchasing function. In the meantime, the asset module, is being implemented, parallel to the purchasing of the computer servers necessary to enable it's functioning. The IT issues continue to reappear. The issue is the limited scope of access the programme is allowed in the UNMIK wide area network. However, the build-up of the IT support team at the MFE has mitigated the problems. Trainings in the minority municipalities were interrupted due to the events of March, but they plan to continue soon.

4.2 Infrastructure

While emergency reconstruction of war-damaged infrastructure is considered to be completed, there are still huge needs for investments to improve and maintain the physical infrastructure in Kosovo. Most of donors support is being shifted into capacity building efforts, including management support, while physical repair and constructions must be looked for among private investors, international loans and in the state budget. Restructuring efforts are ongoing in most Public owned enterprises, including downsizing and new management teams. Lack of capital investments is a clear risk for the future, as well as poor revenue collections and bad maintenance. Swedish assistance is mainly in the areas of District Heating and Railway. Some advisory support in electric-

ity is also provided, as well as an engagement in a policy dialogue with local and international decision-makers about the situation at KEK.

Regarding the energy sector and District Heating, the positive development of the programme, "International Management Support to Termokos and Gjakova DHC", noted since end of last year seems to continue. However, it is obvious that some parts will not be possible to complete within the time left in the existing contract. The parties have started discussions on priorities and how to utilise funds left from other parts of the programme (meters & valves) in an optimum way. In this review process the EAR-funded "incorporation" project should be carefully considered so as to avoid duplication of efforts. The project "Installation of Control Valves and Meters, Thermokos/District heating" has been successfully implemented and finalised, much thanks to the excellent project manager assigned for the project. The programme of advisory support to the Head of the ERO also this seems to have developed favourably. Funding for actual implementation of the HR development programme to be identified by the consultants, as well as further technical assistance, has been secured from EAR. This improves without doubt the sustainability of the organisation and of the support delivered in this programme. The discussions with KTA, EAR and Termomit, the district heating company (DHC) in Mitrovica, regarding possible future support have been stalled since the by Sida demanded unbundling of Termomit not seems to take place. Sida will now look into the proposed organisational set-up and assess if support is feasible. The project in relation to housing associations has the broader scope of supporting the development of civil society in general, which are trade unions, professional associations, including farmers associations and residents associations. The project will still be limited in scope only addressing the development of residents associations on a pilot scale, on 6–8 locations in Kosovo. Tender date for the project is 22 June.

In the electricity sector, the Ferizaj Distribution project has been evaluated and the critical findings about the overall situation in KEK have been presented to all stakeholders in Kosovo. Sida has received a repeated request to finance a substation in the Ferizaj region. Sida has decided not to support the project due to budget constraints and given the priorities in Sida's overall current strategy. The consultant doing the evaluation was also helping KTA as the co-ordinator in the procurement process of "Turn around Management Team" to KEK. This process was especially emphasized in the STM process last year.

The management support to UNMIK Railways has mainly been finalised and an evaluation shows that the support has lead to a marked improvement of the management. The evaluation also highlights what needs to be done in the future for creating a viable railway in Kosovo. The departure of the international management team UNMIK Railways shows that they still have severe problems to stand on its own feet and KTA/UNMIK Railways currently doesn't have the capacity to properly address its future needs for support. Given the turbulent situation in UNMIK Railways the planned gender support is still pending. Ten second-hand railway wagons have arrived but the option for addi-

tional 15 wagons has so far not been asked for. The support to the railway is an important part of UNMIK Railway's possibilities to become a part of the regional railway system.

4.3 Private Sector development

The private sector continues to be a mainstay of the Kosovo economy. However, its growth has been hampered by the lack of an effective regulatory framework and the lack of management capacity. A major issue is also the lack of access to capital. This is especially visible in the growing demand for micro-credits. Unfortunately, these devices have at most the ability to influence the immediate living standards of the beneficiaries, however it lacks the capability to develop local production capacities, which can have a great impact on growth, if only the current proportion of import be modestly increased by local products. The future can be very bleak, if current issues are not dealt with swiftly. The near term risk is that the economy will stagnate if the current environment is not amended.

Sida has mainly supported ADIE international in the "Rural Finance Project of Kosovo". The idea behind the project was to enable access to credit for the rural areas of Kosovo with no access to the established capital markets. Rural Kosovo contains the largest number of the poor in Kosovo. Commercial banks have been unwilling, for rational reasons to enter these markets.

The project has progressed very well. Sustainability ratios have continued to hover around the 90% levels, and high payback ratios are the norm. Loan officers have been trained very well, and have allowed them to become very efficient in their work. The number of Credit Associations has remained the same at 18, primarily because of the lack of credit funds to be disbursed. However, the number of members of the existing association has almost double within a year. Currently, there are more than 6000 members. The volume of active loans outstanding at the end of 2003 is at almost Euro 3 million, which is almost 50% higher with the previous year. After a long negotiation period, RFPK was finally able to land a loan agreement with the ABU, for Euro 3.3 million. This is a favourable loan with a very low interest rate. RFPK has recently been restructured into a local shareholding company name Kreditimi Rural i Kosovës (KRRK). This is a company equally owned by the CA association (FIEK), ADIE and SIDI (French social investment company). Sida is currently in the process of evaluating the project, upon which it will be able to better judge potential future support for KRRK.

Sida is considering extending its support, and will be undertaking an evaluation of the project before reaching a conclusion. The private sector of Kosovo is planned to be the pillar for the economic development in the future. Sida is carefully considering various alternatives for support.

4.4 The rule of law

In this sector, UNMIK still has reserved the power. A local department of justice is being planned for and slowly being developed. The administration and management is also gradually being transferred from UNMIK Police to the local Kosovo Police Service. Courts and prisons are being

established and slowly a whole sector of Home Affairs and Justice is being put in place. However, there is still no clear vision of where all of this is heading and donor support is being put into various smaller parts of the whole sector, and not necessarily with a legal-chain perspective. While the police and the legal sector is facing severe difficulties to effectively execute prevailing laws, this puts limitations for positive development in all sector of the society.

During this reporting period two pilot studies have taken place. One regarding the possible set-up of a project within the penitentiary system in Macedonia and Kosovo and the other one regarding support to the Ombudsperson. Both pilot studies recommend Swedish support for these two sectors. Support has also been given to Council of Europe and its PACO IMPACT programme in order to fight corruption. That project just started late in the reporting period.

4.5 Human Rights and Democracy

This wide sector is facing severe challenges in Kosovo. While a fairly democratic structure is being put in place, with democratic elections to central and local levels, the democratic culture and a pluralistic society is far from reached. Human rights violations include for example lack of rights for ethnic minorities, discrimination against women, trafficking of children. While legislation is being put in place and policy strategies are being adopted in the government, there is still a long way to go when it comes to implementation and full respect for human rights. The main challenges lie in developing a multiethnic society, or at least co-existence, based on universal principles, as well as an open and representative pluralistic democratic society.

According to the strategy for Kosovo, ongoing projects in the field of democracy and human rights are to be continued and expanded. The support to and development of a strong civil society is mainly channelled through the three framework organisations active in Kosovo, namely Olof Palme International Centre (OPIC), Kvinna till Kvinna (KtK) and the Swedish Helsinki Committee (SHC). KtK has a local office in Kosovo and in the beginning of 2004 OPIC also opened one in Kosovo.

KtK continues to work with eleven different organisations focusing on different activities in the field of domestic violence, education, women's health issues, women participation, minority rights etc. KtK in Sweden was also granted support for their regional anti-trafficking programme and as of 2004 KtK started supporting a trafficking shelter dealing with local victims. The implementation of the National Action Plan on the Achievement of Gender Equality (NAP) adopted in May 2003 is ongoing and several of the partner organisations of KtK are very active in this work.

The Strategy also points out the importance of gender equality in all aspects of Swedish development co-operation. Gender issues have also been an important issue during this reporting period with different activities such as for example gender trainings for all partners of Sida in Kosovo. The policy discussions with other donors and especially EAR have also intensified.

In the field of anti-trafficking, the follow up of the evaluation of IOM's anti-trafficking project is an ongoing activity. Seminars with the screening of the movie *Lilja Forever* and panel discussions after that have been held throughout Kosovo on several occasions in co-operation with most actors working with anti-trafficking and especially with a local network called Kosovo Women's Network. The continued screenings of the movie will go on for the rest of 2004.

OPIC continues to work with the same five organisations adding two new partners. First, Justice in Time of Transition, training the Kosovar leaders in the PISG as it negotiates terms for Kosovo's future relationship with Serbia and, secondly the Centre for Social Group Development, working with different social issues. OPIC continued to support the Kosovar Civil Society Foundation, an IT-based democracy platform as well IPKO Institute and their management programme.

SHC has during the reporting period developed a new strategy for 2004–2006 and it focuses on three main areas; Rule of Law, Freedom of Expression and Non-Discrimination. SHC has during the reporting period phased out their support to several organisations and is today continuing its activities with financial support to six different projects. This support is focusing on mainly various forms of media. The partners of SHC in this field varies from newspapers with national coverage such as *Zeri Daily* to local radio stations with a multi-ethnic perspective such as for example Radio K. SHC has also further developed the co-operation with their partners focusing on children and youth questions (*Qeshu-Smile* and *Youth Vision*).

In the area of culture, Sida granted support of approx. 9.872 MSEK for 2003 and 2004 to Culture Heritage without Borders (CHwB) for the restoration and capacity building in the sector of cultural heritage in Kosovo. During this reporting period, CHwB has focused on institutional capacity building and different workshops, but also restoration of several cultural houses. A Culture Heritage Week took place in *Isniq* in the beginning of October and it was very successful. CHwB has also been active in damage assessments of the cultural heritage after the riots in March 2004.

4.6 Integrated Area Programmes (IAP)

The minority return is high in the political agenda and one of the priority areas for UNMIK and the international community. The March event obviously was a major set-back for the minority returns process. However, after careful considerations and analysis, Sida concluded that it still is possible to support this process and therefore the Sida funded Integrated Area Programmes continued.

Erikshjälpen concluded their 2003 programmes with having rebuilt 95 houses, 54 for majority population and 41 for minorities (18 Serbs, 23 Ashkali, Roma and Bosnians). The houses were built in the central Kosovo region; *Fushe Kosove*, *Prishtina*, *Lipjan*, *Podujeve* and *Obiliq*. Of the 656 people that planned to be returned, approximately 93% of them did. Concerning the 2004 new program, the plan is to build 60 houses mainly in five municipalities (*Fushe Kosove/Kosovo Polje*, *Lipjan/Lipljan*, *Obiliq/Obilic*, *Podujeve/Podujevo* and *Prishtine/*

Pristina, adding two cases in Peje/Pec). All of these are houses for minorities. Same as in the last program the verification process for minorities was done in a close collaboration with ICMC (International Catholic Migration Commission) and UNHCR. The Erikshjalpen representatives have made four visits so far in Serbia proper to verify the real situation of returnees. Up to now, out of 52 families, 12 will be returnees from Serbia and Macedonia and the rest are families that already live in Kosovo but who have also returned after war, living as displaced persons in other areas. Erikshjalpen will also conduct a so called 'income generation program' in terms of supplying returnees with respective means according to their shown interest.

Lutheran World Federation (LWF) started a program in July 2003 covering Skenderaj and Vushtrri municipalities. The overall goal of the project was to assist vulnerable and war-affected people of all ethnicities, to work with local partners and communities towards a sustainable future, and gain control over their basic social and economic rights. Their outputs till June 2004 were an increased number of habitable houses (90 cat. V houses) available in villages of the municipalities of Vushtrri/Vucitrn and Skenderaj/Srbica, and 90 families (8 Ashkalis) or some 550 persons returned to their original homes. So far 61 houses are completed, while 29 of them are near completion. The overall LWF Kosovo reconstruction programme in 2003/04 includes, until now, 139 war-damaged houses in the municipalities of Vushtrri and Skenderaj, benefiting around 800 direct beneficiaries. Works on both roads Gofile-Qirez (4 km.) and the road Gojbula-Miroqa-Karaq (7.6 km) are completed. The water supply system in Polac serving vital village facilities have been completed and put into function successfully, and the second water supply project was finished, providing safe drinking water to three villages in Skenderaj benefiting approx. 4,800 inhabitants. Similar programs to the previous project have been conducted within agriculture and environment. Trainings and material support was provided to the women centers and schools.

The violence in March 2004, unfortunately also affected houses rebuilt by Erikshjalpen and LWF, where totally 12 Sida-funded houses were destroyed and several others were damaged.

4.7 Environment

While a lot of focus during the last years have been towards building up central institutions and law-making, the work in the municipalities deserve future attention. Especially to implement all the (micromanaging) laws they have produced. Civil society is still weak and awareness among the public could be improved. Investments in treatment plants is another sector one could assume to come up soon. Lack of money, other priorities than environment and lack of capacity to implement laws and regulations are risks. The environment sector remains of the profile areas for Swedish development co-operation. Support is e.g. given both to the Ministry and to an organisation (REC).

An Environmental strategy for Kosovo is being developed and is close to be finalised by the Regional Environmental Center, REC, in close co-operation with the Ministry of Environment and Spatial Planning,

MESP. This strategy will hopefully prove to be of great importance and guidance for the future environmental development in Kosovo. The process of producing the strategy has involved many local and international stakeholders, both from ministries and civil society.

Following the Strategy, an Environmental Action Plan for Kosovo is the next step and REC and MESP has developed a project proposal, which was submitted to Sida in May 2004. Developing new project proposals for the environmental sector is in line with the priority list and also with the strategy, when it comes to prioritise environmental tasks and institutional building.

The project 'Starting Environmental Education and strengthening the environmental movement in Kosovo' is finalised. It was carried out by REC. Apart from a training session for one environmental NGO, all planned activities were completed. The conclusions were that; the primary school educational book has been very well accepted and should be used by all schools, secondary school students lack basic environmental knowledge and further training seems necessary, the school activity fund was an efficient tool for raising awareness and to activate young people, the NGO coaching program has been successful and the participants have expressed their needs for further training.

The Aluminium Can recycling centre never became sustainable and was eventually closed down. Commercial businesses have entered the scene and possibly could these companies fill an important part in the whole system of waste management.

The project 'Environmental Remediation in Gracanica' aims at improving the situation at Paddock tailing dam; a part of mining company Trepca. The closure works finally started this spring and is due to be finalised till summer. The project currently undergoes serious problems in getting a permit to use the required soil for covering the area. Sida has decided to evaluate the project in early autumn before taking any decision for future support. Main topic of such a support would be to finalise current work at Gracanica tailings area.

As seen above Sida is currently developing new project proposals for the environmental sector, which is in line with the priority list and also with the strategy, when it comes to prioritise environmental tasks and institutional building.

4.8 The healthcare sector

In accordance with the strategy, the support to this sector was to be phased out. No new initiatives have been taken. On a regional account, Kosovo is included in an information programme about HIV/AIDS.

4.9 Natural resources

The project "*Support to Forestry Education and Training in Kosovo*" that started in April 2004 is now well established and has developed a good relationship with the counterparts at the Ministry of Agriculture, Forestry and Rural Development as well as with the Kosovo Forest Agency (KFA) staff. The consultant company Scanagri/NFG, have outlined the work plan for the rest of the inception period and a course outline of the work plan for the rest of the year. The overall objective of this project is to improve the

capability in managing and utilising forest resources in a cost efficient and sustainable manner, resulting in increased contribution to the Kosovo economy, and increased employment opportunities. The first of three main objectives of this project is to carry out refreshment training to satisfy the immediate needs of forest training. Discussions have taken place with KFA staff on their immediate needs of training. Other possible participants, than KFA staff, are being considered as Private entrepreneurs and staff from the Socially Owned Enterprise (SOE's). The second output of this project is the establishment of Forest Education for Forest technicians in the Secondary School system. The formal co-operation between the MAFRD and MEST is under way. The last, but not least main output of this project is the organisation of a higher forestry education system in Kosovo. Contacts have been taken with some of the neighbouring Forest Faculties in Macedonia, Albania and Serbia. One of the most important reasons why Sida, considered financing an education project in Kosovo, was the possibility to bridge the ethnical differences through an (forest) education project. The project has visited North Mitrovica and established contact with the KFA Serbian staff in the region and there is a good response from this staff.

5 Concluding remarks

The violence in March 2004 was not only devastating for the affected people, but it was also an alarming signal of the development status in Kosovo. Lack of trust in public institutions, lack of economic and social development, and lack of clear political vision, has created growing dissatisfaction and frustration in the society, which among other factors led to the ethnically motivated violence. Without the status-issue solved, the development process remains difficult even though economic progress, institutional building and rule of law is needed whatever future status Kosovo might have. Kosovo still lacks a clear long-term strategy for development. The 'Standards for Kosovo' is a political document which rightfully points out certain key areas where the local leaders must improve its commitment to reach a path towards a democratic and multiethnic society. But to achieve a more sustainable and long-term development, more focus must e.g. be on economic growth, on social issues and on local capacity building. There is still no Poverty Reduction Strategy Paper for Kosovo, even though there has been some initiatives for poverty studies. The tragical event of March has, however, raised the awareness of the alarming development status in Kosovo. Recent reports give support for changed policies and reformed administrations. This will hopefully also push the development agenda forward, which together with improved security arrangements could help to prevent future violence and ethnic conflicts.

Sida continues to implement the Swedish government's strategy for development co-operation with Kosovo. It does so through co-operating in sectors and areas that directly and/or indirectly support the main political processes and its prioritised areas. The Standards for Kosovo and its implementation plan, together with EU's Stabilisation and Association Plan and the EU Partnership are important guiding documents. To support the factors and structures that uphold these political processes, the development co-operation is increasingly focused on long-term capacity building activities, structural reforms, and changing attitudes and behaviour. So far, the results of the development co-operation output are generally positive and project goals are most often reached. However, due to the uncertain political situation and instability in Kosovo, the outcome of the project activities in the society is not that significant as it could be. The Swedish support is still on a quite broad level, where

support is given in many sectors. For the future, the support will be focused more on strategically important areas and certain key areas where Sweden has comparative advantages. Sweden remains one of the few donors with a long-term perspective and is presently one of the largest and major donors in Kosovo. Sida's efforts to shift its support from humanitarian aid into development co-operation with increased local ownership is ongoing. Strong elements of capacity building and training are present in all programmes, as well as increased awareness of gender and environment mainstreaming.

Annex:

A Kosovo Project List, Committed and Disbursed 2004.

Currency: Swedish kronor.

Partner	Project name	PLUS	Officer	Country	Sector	Data		
						Committed for 2004	Planned for 2004	Planned for 2005
Erkshjälpen	IAP Kosovo	76003018 JB	KOS	RR		7 400 000	-	2 500 000
KIK	Women's projects, framework	76002942 EN	KOS	HRD		3 570 000	-	-
LWF	IAP Kosovo 2001	76001797 JB	KOS	RR		196 900	-	-
	IAP Kosovo 2003	76002665 JB	KOS	RR		222 000	-	190 000
MVV Energie AG	Kosovo District Heating phase 3	71001249 IS	KOS	INF		23 583 829	-	4 300 000
SHK	Democratisation regional, framework 2004	76002989 PB	KOS	HRD		3 150 000	-	-
	Democratisation regional, framework 2003	76002603 PB	KOS	HRD		82 500	-	-
	Management Support UNMIK Railways	71500105 JA	KOS	INF		1 608 368	-	135 833
SwedRail	Passenger coaches, UNMIK	71500107 JA	KOS	INF		5 473 889	-	-
UMCOR	Trafficking Shelter Kosovo	76002948 PB	KOS	HRD		605 000	-	344 932
AF International	Kosovo District Heating phase 3 CRU	71001278 IS	KOS	INF		1 961 979	-	768 318
(blank)	Forestry Education Kosovo	73004865 PBj	KOS	RUR		10 000 000	-	6 000 000
EWI	Transfrontier Kumanovo	76002524 EW	KOS	LDE		766 667	-	-
Min. of Economy	Financial systems - Freebalance	76001912 EW	KOS	LDE		3 029 803	-	-
Timo Manninen	Ombudsman Office, pilot study	76003007 SB	KOS	JHA		219 402	-	173 935
Fjärrvärmebyrån AB	District Heating Mitrovica	71001380 IS	KOS	INF		592 340	-	569 783
SCB	Agricultural statistics	76002644 BO	KOS	PF		2 565 107	-	1 365 194
	Economic Statistics and IT	76002082 BO	KOS	PAR		3 393 719	-	1 365 194
Swed Dev Adv	UNMIK KTA Adviser Service	71500106 JA	KOS	INF		129 200	400 000	-
Field Admin.	YUG-SAK-05	21250005 GK	KOS	MSC		1 400 000	-	603 502
	YUG-SAK-01	21250004 GK	KOS	MSC		1 600 000	-	580 801
	YUG-NPO	21259018 GK	KOS	MSC		400 000	-	180 776
REC	Environmental Education	76002197 HH	KOS	ENV		150 000	-	-
	Environmental Strategy	71001410 HH	KOS	ENV		1 550 000	-	50 000
Swedish Institute	Swedish Institute 2004	76002223 GU	KOS	HCY		90 000	-	1 050 000
UNMIK	Environmental Remediation Gracanica	73004677 HH	KOS	ENV		228 200	-	-
Culture without Borders	Regional projects for culture preservation	76002651 GU	KOS	HCY		6 704 852	-	4 786 000
Foundation Together	Together	76002910 GU	KOS	HCY		480 000	-	480 000
OFFS	Open Fun Football Schools	76003021 GU	KOS	HCY		608 000	-	608 000
OPIC	HR and democracy, framework 2004	76002983 PB	KOS	HRD		6 600 000	-	6 600 000
Sten Löf Consultants	Adviser UNMIK Railway	71800013 JA	KOS	INF		-	-	18 000
IPM	Gender Training	76002886 EW	KOS	LDE		233 250	-	189 126
Jens Strömsen	Kosovo Analysis	76003074 EW	KOS	MSC		90 000	-	-
AF International AB	Feasibility Study SCAAK	76003121 ALO	KOS	PSD		80 000	-	-
FAO	Forest Sector Support	73000566 PBj	KOS	RUR		800 000	-	1 600 000
SPM Consultants	Results Analysis	76003056 EW	KOS	MSC		152 000	-	145 102
Grand Total						89 717 005	400 000	34 063 978
								15 940 000

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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