



<b>1. Project Data:</b>		<b>Date Posted :</b> 01/06/2005	
<b>PROJ ID:</b> P071265		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Private Sector Dev. Technical Assistance Grant	<b>Project Costs (US\$M)</b>	3.0	2.9
<b>Country:</b> Kosovo	<b>Loan/Credit (US\$M)</b>	3.0	2.9
<b>Sector(s):</b> Board: PS - Central government administration (53%), Law and justice (30%), Vocational training (17%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b>			
	<b>Board Approval (FY)</b>		01
<b>Partners involved :</b>	<b>Closing Date</b>	09/30/2003	06/30/2004
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**  
The objective of the TA was to improve the business enabling environment for private sector growth . More specifically the TA grant was intended to support the establishment and operation of a modern business registry system, strengthen the capacity of Commercial and Supreme Courts, and assist in the development of basic accounting standards and provide training for local accountants .

**b. Components**

**1. Development of a new fully -fledged business registry (US\$1.36 million)--**Support the establishment and operation of a modern business registry system . Provide advisory services to the authorities in drafting the new legislative/administrative instrument which will establish the new business registry . Procurement of hardware, software, and other MIS for the development of the business registry .

**2. Strengthening the capacity of the Commercial and Supreme Courts and improving the quality of legal services (US\$0.89 million)--**Provide training for sitting commercial judges and selected legal practitioners . Establish law libraries in the Commercial and Supreme Court accessible to legal practitioners . Prepare commentaries for important commercial laws and distribute widely . Provide free of charge legal advice to micro and small enterprises .

**3. Development of basic accounting standards, and provisioning of training, and establishment of an association of accountants (US\$0.52 million)--**Provide advisory services to establish minimum accounting standards and training to local accountants . Procurement of hardware and software for the training of accountants . Assistance in the establishment of an association of accountants .

**c. Comments on Project Cost, Financing and Dates**  
Project cost was US\$3 million, as planned, and the project closed on 06/30/2004, after fully being implemented (with a nine-month extension due to a procurement irregularity ) within 3 years.

**3. Achievement of Relevant Objectives:**

**1. Development of business registry--**The business registry system (NBR) is fully operational. The NBR is in line with EU best practices. As of June 30, 2004, business entered into the NBR amounted to 39,191, of which 24,183 were re-registered business, and 15,008 were new ones. No court involvement is required; the registration process is simple and transparent; registration fees are set at levels aimed at encouraging new business development; all the necessary information is available on the web, including registration forms, number and sequence of procedures and their cost. Systems are also in place to ensure that NBR data are made available to the Tax Administration, Customs and Statistical Office. As for the turnover time, the registration, including the issuance of the related certificate, is done within the same day of submission of the application . ( According to a Bank survey, the same process requires 9 days in Macedonia, 30 days in Serbia and Montenegro, and 35 days in Slovenia.)

**2. Strengthening the capacity of the Commercial and Supreme Courts and improving the quality of legal services --** All the judges of commercial courts, all the judges of the supreme courts dealing with commercial cases, and 17 attorneys received extensive training on the new commercial legislation and principles governing the functioning of a market economy. Commentaries of important commercial laws were drafted and widely distributed .

**3. Development of basic accounting standards, and provisioning of training, and establishment of an association of accountants** -- The Society of Certified Accountants and Auditors of Kosovo (SCAAK) is fully operational. Over the life of project, the SCAAK has gained the capacity to independently organize and deliver training programs in accounting by relying on well-qualified local staff. In November 2003, SCAAK gained associate membership to the International Federation of Accountants (IFAC). All the 18 International Financial Reporting Standards (IFRS) adopted by the Kosovo Board on Standards for Financial Reporting are incorporated in SCAAK's training program .

**4. Significant Outcomes/Impacts:**

- A business registry system in line with EU best practices has been established . As a result in Kosovo, the time required for registering a business is as around one day .
- Two new law libraries were established and equipped with relevant legal material and are open to the public .
- Establishment of an association for accountants was completed . This association has gained associate membership at the international level and it has also achieved important results for its financial self-sustainability.

**5. Significant Shortcomings (including non-compliance with safeguard policies):**

There were no significant shortcomings other than a procurement setback, which was resolved with a new procurement process.

<b>6. Ratings :</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome :</b>	Satisfactory	Satisfactory	Project achieved considerable progress utilizing relatively modest financial resources
<b>Institutional Dev .:</b>	High	High	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	Borrower worked closely with the Bank team on design and implementation of TA. PIU was effective in monitoring consultants and ensuring good performance. Government implemented envisioned laws and regulations, and fully complied with credit covenants.
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

**7. Lessons of Broad Applicability:**

- With adequate Borrower commitment, a TA grant can be an effective way for the Bank to lay foundation for and facilitate reform;
- A TA loan/grant is generally more effective if it is closely linked to an adjustment operation, policy and institutional changes .
- The placement of a PSD specialist in the Resident Mission considerably aided project process .

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

ICR is clear and highly readable, comprehensive, and covers most areas of TA project performance competently .