



SUCCESS STORY

The Impact of Business Loans on One Kosovo Town

Teacher training, new kindergarten also help strengthen community



Photo by: USAID, Bridget Nürre

A series of loans through the USAID-supported Crimson Finance Fund revived Istog/k's historic Dubrova Farm and allowed owners to introduce a high-yield breed of dairy cow to the Kosovo market



Photo by: USAID, Nazmije Bajrami

Kindergarten students dressed to perform traditional music at the inauguration ceremony for their new school built with funds from the municipality of Istog/k and USAID.

Istog/k in northwest Kosovo is one of the country's most remote municipalities. With the region's approximately 40,000 residents spread across the town and its 50 surrounding villages, agriculture and tourism form the basis of its developing economy.

Forty-three Istog/k businesses have received financing through USAID since 2008. And the town has proven to be one of USAID's strongest partners during 16 years of support to the fledgling south-eastern European democracy.

"I started this company just after the conflict in 2002 to help create jobs for my neighbors and get them back on their feet," explains Halit Avdijaj. His company, Agroproduct Syne, has since grown to become Kosovo's primary producer and exporter of certified organic wild gathered products and cultivated herbs.

With help from several USAID private sector support activities, including New Opportunities for Agriculture and the Crimson Finance Fund, Avdijaj's company has established 40 collection points around Kosovo and provides income for as many as 22,000 people who collect the country's plentiful wild flowers and herbs. Over the years, USAID has helped the company achieve organic certification, establish international market linkages, and most recently helped them double their cultivation of chamomile and add other new species for herb cultivation.

To date, loans to Istog/k companies have helped create 236 new permanent job.

Haim Shatri, owner of school supply company Abbacus is hoping to make that number grow. In 2014, the business owner became the majority owner of Dubrovna Farm – a 330 hectare property that, while booming in the 1990s, has since fallen to disrepair.

"This farm was very important to this region when I was growing up," Shatri explains. "I had the money to buy the land, but I needed extra financing to rebuild the infrastructure. USAID was there with a loan when I needed it."

Shatri received over \$190,000 in loans since 2012 to rebuild the farm's infrastructure, lease a state-of-the-art lacto freezer, and pur-

chase a breed of high-yielding cows that have never been attempted in Kosovo's dairy market before. At the hefty price tag of \$1,850 per cow, Shatri is focused on breeding and expects to have a herd of over 150 cows by the end of the year.

"With breeding going as well as it is and this new lacto freezer, I will be able to repay my final loan ahead of schedule," Shatri said.

USAID's support in the municipality of Istog/k goes far beyond the private sector. The Professional Development Center for the region's teachers established by USAID in 2012, is now run by the municipality and has provided training for over 360 teachers throughout the region.

Istog/k is also one of 16 partner municipalities for the USAID Advancing Kosovo Together, which has helped establish four community forums to drive the planning for priority infrastructure projects.

One such project was the construction of a new kindergarten in Baje village in 2013, the result of USAID/Kosovo's first-ever government-to-government agreement with the municipality of Istog/k. The municipality identified the kindergarten as a priority project and USAID helped finance and guide the procurement and construction processes.

The new kindergarten significantly cut the distance many students needed to travel for school – and doubled its enrollment almost instantly.

Improving economic growth is a centerpiece of USAID's [2014-2018 Country Development Cooperation Strategy](#) for Kosovo. For towns like Istog/k, education and business development are the drivers of this growth.

Backed by USAID from July 2008 to December 2014, the Crimson Finance Fund provides loans and equipment leases to small and medium enterprises to help them increase sales, create new jobs, expand local production, and increase local and international competitiveness.