



SUCCESS STORY

Transforming the Construction Sector in Kosovo

Adoption of standard form contracts heads off disputes, delays



Photo by: USAID Contract Law Enforcement Program

USAID worked side-by-side with construction companies to develop a standard form contract that is both effective and easy-to-use.

The jointly-developed standard form contract will increase written contract usage, provide greater security for the parties involved in construction transactions, clarify the duties and responsibilities of the parties, and prevent disputes.

While USAID is working to increase the use of contracts throughout Kosovo's private sector, the lack of written agreements has been found to be particularly problematic in the construction industry, where disputes often lead to significant delay in much-needed infrastructure.

To tackle this problem, two USAID programs - Contract Law Enforcement (CLE) and Partnerships for Development - set out to develop a standard form contract that could be easily adopted by Kosovo's construction industry. To ensure the contract suited the industry's needs, USAID organized a working group on March 6, 2014 with the construction business members of the American Chamber of Commerce in Kosovo.

"USAID has made a great first step towards mobilizing the business community to make contracts more commonplace in the construction industry," said Avdyl Gashi, owner of Hasi-R Construction. As one of few business owners at the table who had used arbitration to resolve a dispute based on a contract, his contributions were particularly valuable to the group.

A workshop held on March 6, 2014 served as a forum for discussion on common causes of business disputes and how they could best be anticipated and prevented by a contractual agreement.

"The draft construction contracts presented during the round table were very well drafted and extremely useful," Gashi added.

The jointly-developed standard form contract will become the basis for written agreements in Kosovo's construction sector. It will increase written contract usage, provide greater security for the parties involved in construction transactions, clarify the duties and responsibilities of the parties, and prevent disputes.

USAID's two-pronged approach to increasing productivity within Kosovo's construction industry involves Contract Law Enforcement working directly with businesses to build better transactional practices while Partnerships for Development works with the government to eliminate unnecessary regulatory roadblocks.

USAID's Contract Law Enforcement that started in May 2013 and runs through April 2016 and USAID's Partnership for Development that started in December 2013 and runs through August 2018, have combined resources to encourage entrepreneurship, generate employment opportunities, and promote international business standards in order to develop Kosovo's private sector and encourage the country's long-term economic growth.