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Narrative

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TABLE OF CONTENTS

INTRODUCTION	2
SUMMARY	3
ABBREVIATIONS	5
1. VALUE CHAINS	6
1.1 Existing value chains.....	6
1.11 Field vegetables.....	6
1.12 Soft fruit.....	10
1.13 Top fruit	13
1.14 Medicinal & Aromatic Plants (MAP)	16
1.2 Nurseries	20
1.3 Input supply	24
1.4 Greenhouse development	25
1.5 Post-harvest	29
1.6 Processing.....	31
1.7 Plant & Human Health / Integrated Production	33
1.8 Marketing	36
2. BUSINESS DEVELOPMENT SERVICES	42
2.1 Interest groups.....	42
2.2 Knowledge sharing	45
2.3 Business planning.....	46
2.4 Market intelligence.....	49
2.5 Financial services	50
2.6 Other businesses and business development services	51
2.7 Competitive Fund for Innovation	53
3. BUSINESS ENABLING ENVIRONMENT	55
3.1 Strategic Planning for Horticulture	55
3.2 Sector organisation	58
3.3 Institutional support and strengthening.....	58
4. GENDER AND MINORITIES	59
5. ORGANISATIONS	60
5.1 Ministry of Agriculture, Forestry and Rural Development	60
5.2 SDC and MFA-D.....	60
5.3 Other organisations	60
6. STAFF AND PROJECT ORGANISATION.....	62
ANNEXES	63
ANNEX I - ACTIVITIES FOR 2008-09	64
ANNEX II – PUBLICATIONS 2008	69
ANNEX III - INTEREST GROUPS SUPPORTED BY HPK.....	70
ANNEX IV – ELECTRONIC MEDIA COVERAGE OF HPK.....	71
ANNEX V - HPK STAFF - 2008	72

INTRODUCTION

The Swiss Project for Horticultural Promotion in Kosovo (SPHPK) commenced in 2001 with the funding of the Swiss Federal Office of Migration and was originally intended to last for six years. In 2006, however, the Swiss Agency for Development and Cooperation (SDC) decided to extend the Project and take over its funding as from 2007. It indicated that its horizon for the investment was until 2012.

Phase 4 of the Project commenced in January 2007 and is due to terminate in December 2009. Meanwhile the Ministry of Foreign Affairs of Denmark indicated its desire to add to the funding of the Project and also indicated that its horizon for the investment was also up to 2012. January 2008 therefore saw the beginning of the project 'Horticultural Promotion in Kosovo' (HPK) financed jointly by the Swiss and Danish governments in a phase due to last until the end of 2009.

The annual budget of the Project more than doubled since 2007 to €1,505,438 (CHF2,408,701) while that of its programme budget (Other Fiduciary Funds) that is used for direct field activities increased by nearer three times to €508,490 (CHF813,584).

This additional funding also allowed for the recruitment of three additional project officers (for agricultural economics, strategic planning and integrated production) as well as for an international agribusiness adviser.

The donors' long-term vision allowed the Project Document to reflect the medium to long-term approaches that were considered in the best interest of the horticulture sector in Kosovo.

The Goal of the Project and its proposed outcomes (presented in Annex 1) reflect the evolution of the Project's approach towards the promotion of business development services (the meso level) and the business enabling environment (the macro-level)

SUMMARY

2008 was the first year of the joint funding of the Project by the Swiss and Danish governments and the changing of its name from the 'Swiss Project for Horticultural Promotion in Kosovo' to the simpler 'Horticultural Promotion in Kosovo' (HPK). The latter inherited the new orientations established a year earlier, viz:

- The necessity to broaden the range of previously mainly production and input supply-oriented interventions towards a more holistic view of the entire value chain
- A shift from micro to meso and macro interventions
- Move from being a direct service/input provider towards a more emphasised role as facilitator.

The Project also benefited from a doubling of its overall budget that allowed an increase in human resources that were to direct their attention more to the meso- and macro-level interventions as well as a tripling of the programme budget (Other Fiduciary Funds).

The range of interventions has been broadened during 2008.

A commercial exploration mission was undertaken to France and Switzerland for the benefit of processors, traders and retailers; agreement has been reached with the Swiss Import Promotion Programme to support processors to exhibit at international fairs; the annual conference of the Wholesale Markets Foundation of the Central European Initiative has been attended – a visit that will hopefully lead to the building of links between traders' associations in Kosovo with similar associations in markets throughout the region. Within Kosovo considerable time has been spent establishing contact with actors in the processing, packaging, marketing and promotion sectors in order to deepen the understanding of the sector - and several of their representatives were accompanied to the Tirana International Agricultural Fair.

Collaboration has been sought through processors to leverage impact on production. The Project is implementing an agreement with AgroProduct Commerce of Podujevo to jointly promote and finance the emergence of soft fruit cultivation by small farmers in that municipality. The collaboration with a Medicinal and Aromatic Plant operator in Istog involved the Project co-financing its full processing chain that, when completed, has led to the opening of huge market opportunities for the sector and the consequent creation of significant employment in isolated rural areas.

The Project has been active in promoting businesses that would provide services to the sector including: the establishment of the first facility to manufacture quality greenhouses in Kosovo; the first construction of seedling growth rooms in the country; a wholesale company to market the processed food products of women's organisations; the establishment of storage facilities – and the introduction of specialised horticultural machinery.

Continued facilitation by the Project of contacts between representatives of international input suppliers and producers is leading to improved access to modern inputs and to the latest technical information and advice.

Measures to develop a cadre of private technical advisers have intensified and currently involve the provision of training, their engagement to provide advice to producers and by encouraging associations of producers to start co-financing such advice. Some advisers are starting to take over the responsibility for implementing project components – such as

watermelon and fruit heritage conservation. The establishment of a company (or an NGO) to anchor such provision of advice on a commercial basis is being explored.

Promotion of collaboration amongst actors is going to prove more and more critical and the Project has further developed its work in this area and is now supporting the strengthening of 7 top-fruit associations – of which 5 are recently established and 5 are co-financing the provision of technical advice.

The preparation of a new instrument – the Competitive Fund for Innovation – due to start operation early in 2009 is hoped to lead to the encouragement of innovation and the releasing of enterprise that will drive further innovation - even in unexpected ways - across the sector.

The two-year exercise in Strategic Planning for the Horticulture Sector in support of the Ministry of Agriculture has been completed and its findings are to be presented to the Ministry in January 2009. The Ministry shows signs of using this first methodical plan to guide its actions and investments. The planning exercise has spun off the elaboration of numerous administrative instructions for the improved regulation of the countries nurseries. An annex to the MoU between the Ministry and the Project, to be signed in February 2009, sets out the main areas of their collaboration in 2009.

The signing of an MoU with the Kosovo Chamber of Commerce will lay the foundation of collaboration between the two partners in 2009 to promote collaboration actors of the horticulture sector and improve the representation of the interests of the sector to Government and other agencies.

Joint funding with two municipalities (Viti and Ferizai) has taken place to support the establishment of soft fruit plantations and plum orchards. It is expected that such collaboration could become more common in future.

The results are being increasing witnessed from present and past activities at the micro-level. Locally-produced strawberries currently account for 80% of the market share in Kosovo – up from zero in 2001 when the Project started its innovation. The combined introduction of a range of technologies and techniques in the cultivation of onions from seed is leading to the rapid adoption of the new crop (from 0.2 ha in 2005 to 60 ha in 2008). A range of improved greenhouse technologies is being steadily introduced and once combined effectively will likely transform the industry. The introduction of improved watermelon technology is set to transform this production of this crop – and similar confidence is being placed that this can be repeated with field peppers.

ABBREVIATIONS

AMPK	Agriculture master plan for Kosovo
BP	Business plan
CABI	CAB International
CEFTA	Central European Free Trade Agreement
COOF	Coordination Office
DPPP	Department of Plant Production and Protection
EAR	European Agency for Reconstruction
MIS	Market Information System
FAO	Food and Agriculture Organization of the United Nations
FI	Financial Institutions
FoA	Faculty of Agriculture
FoMNS	Faculty of Mathematic-Natural sciences
GBDG	Greenhouse Business Development Group
GH	Greenhouse
HPK	Horticultural Promotion in Kosovo
IC	Intercooperation
IP	Integrated Production
KAD	Kosova Association for Development
KCBS	Kosovo Cluster Business Support
KIA	Kosovo Institute of Agriculture in Peja
LWF	Lutheran World Federation
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
PH	Post Harvest
PO	Project Officer
ProDoc	Project Document
PTA	Participatory Technological Agreement
PUM	Netherlands Senior Experts
SDC	Swiss Agency for Development and Cooperation
SME	Small and Medium Enterprise
SP	Service Provider
SPHP-K	Swiss Project for Horticultural Promotion in Kosovo
TA	Technical Adviser
ToR	Terms of Reference
UNMIK	United Nations Mission in Kosovo
UoP	University of Prishtina
YPO	Yearly plan of Operation

1. VALUE CHAINS

1.1 Existing value chains

1.11 Field vegetables

Summary

Onions: It is now evident that a major step forward has been taken in raising the competitiveness of onion cultivation in Kosovo. This has arisen through the introduction of a combination of innovations around the cultivation of onions from seed that is leading to an increase in productivity and an expansion in scale of operation of the individual. After the pilot introduction on 0.2 ha in 2005, area under this technology increased to 60 ha by 2008 involving 33 producers in 7 municipalities. Additional work is now needed on promoting the expansion of storage and on the exploration of exports. Imports decreased from 6,405 to 2,486 t from 2005 to 2007 while exports increased from 77 to 855 t over the same period.

Carrots: The decision to support assisted scaling up of carrots in one more municipality in 2008 was reversed after analysing the export-import data for 2007 that indicated that import were falling. The Project will now need to examine the potential for the export and the processing of carrots – without which further significant project intervention in the crop would be unjustified.

Watermelon: 2008 was the second, and last, year of pilot introduction of modern techniques through a service provider in order promote the substitution of imports that, in 2005, amounted to 13,000 tons valued at around € 2.0 M. Pilot farmers increased their yields significantly and obtained higher prices because of the earlier production. In addition, the introduction of a tractor-mounted plastic mulch layer in Rahovec (the first in Kosovo) points the way to overcoming the serious labour bottleneck at planting time and allowing a considerable expansion production area by individual producers.

The recent experience of interventions in the onion and watermelon value chains suggests that rapid productivity changes are possible in field vegetable production if the right technologies are available and suitable approaches used. A review of the production of field peppers and cabbages was conducted in the second semester of 2008 by Professor Skender Kaciu to inform the preparation of the plan of activities for 2009.

Onion

It is now evident that a major step forward has been taken in raising the competitiveness of onion cultivation in Kosovo that, together with an easing of the labour bottleneck at planting, is leading to a considerable expansion of production. While the onion crop has traditionally been grown from sets (or small onions) the Project has made a simultaneous introduction of a combination of innovations around the use of seed for the establishment of the onion crop. The main supporting innovations have been the adoption of high-yielding hybrid seed, the use of a pneumatic precision seeder – and improved techniques of weed control. The time allocated by Project staff supporting these improvements has markedly reduced both as a result of farmers learning from each other as well as leveraging advice through input dealers.

This technique of growing onions from seed, introduced to one farmer in 2005 on just 0.01 ha, has now been introduced to a total 33 farmers in 7 municipalities – resulting in the area under this cultivation reaching 60 ha in 2008 ha (taken from the reports of seed sales).

In Rahovec, farmers are now in their third year of onion production from seed. Improved techniques in field management have given excellent results with yields harvested between 40-50 tonnes per hectare. This compares with the yield harvested from onions through sets of 22 tonnes per hectare (MAFRD source). Mr. Fehmi Sokoli, the first producer to try cultivating from seeds, sowed 0.2 ha in 2005 as a trial in addition to 1.0 ha of onions from sets. By 2008 his area from decided to discontinue production of onions from sets because the quality and yields are superior from the direct sowing of seed.



Lifted onion produced through seeds in Rahovec

Onions from seed in 2008

Scaling up in 2008: In this, the last year of onion scaling up, 14 producers from three municipalities (Obilic, Vushtrii & Peja) were supported with onion seeds to try out on 0.2 ha each – covering a total of 2.8 ha. Five of the participants from Qyshk in Peja are part of a newly-formed cooperative. The producers in these areas, despite facing problems with cultivation (generally poorer understanding of onion cultural practices, absence of an adviser) were positive in the assessment of the technology in this, their first season, and were aware, in several instances, of where and how to improve crop management practices for 2009.



Sowing onion in Obilic municipality

Pneumatic seeder: The tractor-mounted pneumatic precision seeder, imported by the Project in 2006, has worked to full capacity in 2008 covering 48 ha of the 60 ha sown (taken from the records of the machine operator from Rahovec). If this type of onion cultivation is to further expand, the import of more seeders would be necessary.

Advice and input suppliers: All hybrid seed was sourced from local input dealers who imported it from regional representatives

of western European companies. Advice was sourced from the same input dealers

– although many producers relied on what they had learnt in the previous year from service providers supported by HPK.

Future outlook

It appears likely that this combination of innovations around the cultivation of onions from seed is leading to an increase in productivity and an expansion in scale of operation of the individual grower – the latter resulting from overcoming the labour bottleneck at planting. This impression needs to be checked with further investigation.

Such an expansion of production is likely to lead to a reduction in imports and also, possibly, an expansion in exports. Such trends have, indeed, been noted over the last three years (see figure) – but would have result from a combination of factors. The production of onion from seeds in 2007 that covered 30 ha probably yielded around 1,200 tons – and could well have influenced the import and export trends.

The cultivation of onions from seed can now be considered on the way to being sustainable – a critical mass of farmers are practiced in, and convinced of, the approach, input dealers are providing seed and starting to provide advice, the key machinery has been tested and is available for importation.

Attention now needs to be paid to the development of expertise in, and the expansion of, storage (see 1.6), the promotion of collaboration between producers – especially for the



financing of advice, the consolidation of quality technical advice available to farmers (2.2), and an investigation into the potential for export.

The export of onions rapidly increased from 77 t in 2005 to 855 t in 2007.

Carrots

2008 was the last year of scaling up of improved carrot production. Three cooperative members from Qyshk, Peja were supplied with carrot seeds by the project to try out on 0.2 ha each.

Certain farmers in Rahovec and Podujevo timed sowing to take into account the market demand for early and late carrots. The tractor-mounted precision seeder was utilised for sowing only 4.6 ha (as opposed to 48 ha for onions with the same machine) – since most farmers still wanted to sow during a limited period – and one that coincided with the main sowing period for the much more important onion crop.

Future outlook

As a result of project promotion of the low cost storage for a client in Rahovec in 2006 producers are convinced that storage is the key to the further expansion of carrot production (see section 1.6). One carrot farmer in Podejevo invested in the construction of a carrot store with the potential of 120 tonnes but has not yet been able to complete it. The Project will need to examine the potential for the export and for the processing of carrots – without which further significant project intervention in the crop would be unjustified.

Watermelon

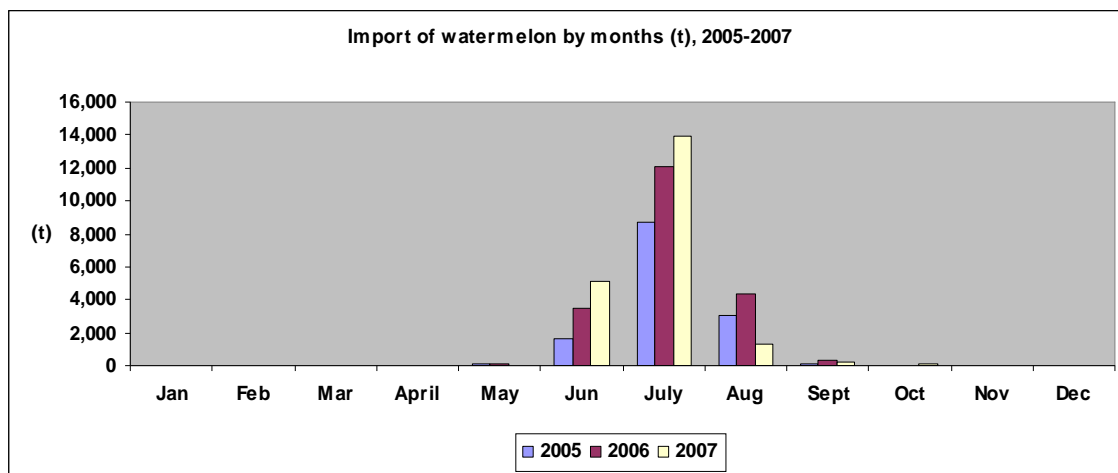
Introduction

Watermelon is both one of the most cultivated horticultural crops in Kosovo – as well as the most imported 'fruit'.

A decision to promote the watermelon value chain was taken in 2006 on the basis of the analysis of import data of 2005 showing that around 13,000 tons valued at around € 2.0 M

were imported, mainly in July – a month during which Kosovo watermelons could be harvested should earlier production techniques be utilised.

Promotion of the new growing technology took place in 2007 (with transplanting taking place in late 2006) and involved the use of grafted seedlings, both traditional and hybrid varieties, plastic mulch, drip irrigation and low tunnels. 9 producers in three growing regions (Viti, Peja and Prizren) were involved cultivating a total area of 1.13 ha. A watermelon nurseryman in Qerim, Gjakova, was introduced to the techniques of grafting and supplied a small proportion of the planting material required – the rest being sourced from Albania. The introduction of the new technology resulted in earlier production, higher yield and quality.



Second year of pilot introduction

2008 was the second and final year of pilot introduction and involved 9 producers from Anamorava and Dukagjini (municipalities of Viti, Gjakova and Prizren) and a total of 1.13 ha planted. 6,000 grafted seedlings were ordered and delivered from the nursery in Qerim, Gjakova, as a result of its good performance in 2007 and, consequently, no import of grafted seedlings were undertaken from Albania.

The introduction was implemented through a same service provider as in the previous year. Following his suggestion, a 4-day study tour in Albania was organised in April to visit watermelon production and to share experiences with the Albanian producers. The nine participants comprised 7 watermelon growers, SP and one HPK staff member.

A tractor-mounted machine for laying plastic mulch and drip lines was imported from Italy and provided to the cooperative "Agrobiznesi" of Radoste, Rahovec against a return component. It is hoped that the introduction of this machine to Kosovo will overcome the major labour bottleneck of planting watermelons leading to an expansion of the cultivated area and more



Pilot introduction of watermelon growing technology in Anamorava

competitive production. Cooperative members were very satisfied with the performance of the machine and planted 25 ha. The first services as return component out of cooperative members was undertaken in Gjakova laying 3 ha with plastic mulch.

The main period of harvest of watermelon of pilot farmers was from 15 of July up to the end of August. The average yield in the pilot plots was 70-87 t/ha with a selling price from 0.15-0.10 €/kg. The traditional growers in the same area started harvesting from first week of August. The average yield was not more than 50 tonnes with a selling price of less than 0.10€/kg.

Evaluation results indicated that considerable progress was made on using new growing technology but room for improvement still remains - especially in Anamorava region. Anamorava farmers are more traditional compared to those of Dukagjini hardly having started to use drip irrigation or plastic for mulch.

Future outlook for other Field Vegetables



Field visit for 8 Anamorava farmers to Radoste cooperative

The Project will re-visit the value chains of both field peppers and cabbages. Its work on these value chains was discontinued in 2003 faced with the strongly conservative nature of producers of those crops at that time. The recent experience of interventions in the onion and watermelon value chains now suggests, however, that rapid change is possible if the right technologies are available and suitable approaches used. A review of the production of field peppers and cabbages was conducted in the second semester of 2008 by Mr. Kaciu to inform the preparation of the plan of activities for 2009.

Regarding pepper, the consultant concluded that there is a real possibility to substitute the majority of imports and to increase sales for processing through improved, more intensive and more competitive production¹.

1.12 Soft fruit

Summary

Field strawberries: The assisted scaling up of field strawberries by the Project was completed at the end of 2006. Since that time activities have been limited to the further training of service providers (SPs), provision of advice through them to producers and encouraging producer-producer and producer-nursery owner links. The penetration of the local market by locally-produced strawberries reached 80% – up from 41% in 2007. This substantial and welcome rise in production raises the danger, however, of over-production in the 2009 season and is prompting examination of the potential for exports and for processing. The introduction of indoor strawberry production continued in four municipalities involving six producers.

¹ A summary of the report is included in an accompanying document 'HPK – Summaries of consultants' reports 2008'

Raspberries and blackberries: The scaling up programme of these soft fruits for 2007 was completed during April 2008. In total 3.7 ha of raspberries and 4.2 ha of blackberries were established involving 37 farmers in 7 municipalities as a result of the 2007/08 programme. Companies with freezing facilities played a role in the new crop introduction – particularly AgroProduct Commerce (APC) of Podujeva.

Problems arose with the establishment of the blackberry crop – but the raspberries performed much better and an average of 3 tonnes/ha was noted in Podujeva – that in the year of planting – a situation that normally occurs only in the second year. This appears to be a direct result of a new propagation technique introduced.

A new round of scaling up for 2008 took place in November in six municipalities with 6.2 ha of raspberries planted and 2.8 ha of blackberries.

Field strawberries

The assisted scaling up of field strawberries by the Project was completed at the end of 2006. Since that time activities have been limited to the further training of service providers (SPs), provision of advice through them to producers (those involved in the 2006 scaling up in Klina, Istog, Prizren and Suhareka) and encouraging producer-producer and producer-nursery owner links.

The penetration of the local market by locally-produced strawberries reached 80% (based on a survey of key traders in the Pristina market – see 1.8) – up from 41% in 2007. Two other projects have been active in promoting strawberry production in addition to HPK – IADP in the Mitrovica Region and CARE in the Gjilan Region. Production on a privatised socially-owned Enterprise - that already covers 3 ha with 0.06 ha under plastic - must have also contributed significantly to this increase.

This substantial and welcome rise in production raises the danger, however, of over-production in the 2009 season and is prompting examination of the potential for exports and for processing.

12 varieties are currently being cultivated throughout Kosovo having been brought in by IADP, CARE and HPK – although the latter was the only one to promote the establishment of strawberry nurseries in Kosovo. A significant problem arose due to the presence of fruit diseases at harvest time. SP will be trained to identify and take measures to overcome the problem. Preventive measures will be introduced via SP to the groups of fruit growers.

Indoor strawberries

Monitoring was undertaken of strawberry production in a greenhouse using compost bags on raised beds and in poly-tunnels with ground planting. The economic and technical data is in the process of being analysed.

Further introduction of indoor techniques continued in the municipalities of Gjakova, Ferizaj, Gjilan and Deçan involving six farmers. Three farmers are trying ground-planted runners while the other three are trying bag-planted runners on raised beds. The Project contributed runners and imported substrate and advice through a service provider who is also an indoor strawberry producer.

The appropriate compost formulation for



Indoor strawberries cultivation in raised beds

indoor strawberry production was established based on the literature and recommendations from companies from abroad. The formulation was made available to both industrial and worm compost producers. Further capacity development is needed before such substrate could be produced within Kosovo. There is a need for facilitation on the practical exercise with producers to identify sources of other quality ingredients (loam, sand) and their appropriate mixture as well as facilitating collaboration with Peja Institute for chemical analysis.

Indoor production of strawberries requires some modifications in greenhouse and poly tunnel design – an issue that has been raised with local greenhouse manufacturer. Assessment done during the season will help to identify required specifics.

Raspberries and blackberries

Scaling up 2007

The scaling up programme of soft fruits for 2007 - that was only partially implemented on



time because of the adverse weather conditions in the early winter - was completed during April and covered the municipalities of Deçan, Skenderaj, Vushtrri, Podujeva, Kamenica, Viti and Shtërpce. In total 3.70 ha of raspberries, 4.15 ha of blackberries and 1.25 ha of strawberries (from the return component) were planted involving 37 farmers in 7 municipalities. Planting material was sourced from four nurseries – Babaj Bokës and the three newly established nurseries in Debelldë. Two SPs were engaged to advise farmers on crop management.

Raspberry canes for scaling up

Companies with freezing facilities played a role in the new crop

introduction. The cooperation with “Agroproduct” (APC) from Podujeva was exceptional whereas that of a company from Shtërpce did not inspire confidence.

Serious problems occurred with the establishment of blackberries. Losses attributed apparently to the dry winter, improper crop management and the use of an incorrect herbicide led in certain municipalities to 10% plant loss. Worse was to come for during the growing season an almost total crop loss occurred on plots in Podujeva and Skenderaj municipalities. Subsequent investigation by an international consultant concluded that this was due to improper advice on fertiliser application. The Project has offered to compensate for lost canes to those farmers interested to continue with blackberry cropping with new plants and drip irrigation.

The raspberry crop performed much better and an average of 3 tonnes/ha was noted in Podujeva was obtained in the first year of cultivation – a situation that normally occurs only two years after planting. This appears to be a direct result of a new propagation technique introduced – that of pot-grown root cuttings.

APC reports that the variety Polka, imported from UK, is suitable for general processing due to its sugar content, flavour and high yield. Other varieties used vary in their suitability for

freezing. APC will provide further guidance in this matter after discussing with its clients in Western Europe.

Scaling up 2008

A new round of scaling up for 2008 took place in the municipalities of Peja, Podujeva, Kamenica, Viti, Ferizaj and Dragash commencing in November. 6.2 ha of raspberries were planted out of the 12 planned and 2.8 ha of blackberries out of the 4 planned. (The figures in the YPO 2008 were 8 ha for each but were subsequently changed after the problems encountered with blackberries.)

APC from Podujeva continued to promote berry production through financial support to farmers – ie 25% of the posts and wire support system. Two farmers who lost their blackberry crops in the previous year opted to plant with raspberries on the same plots.

Two municipalities financially contributed to the cost of canes, posts and wire (Ferizaj 20% and Vita 30%) while the Project engaged five SP to oversee the execution and provide advice.

The slowness of crop establishment was due to a variety of obstacles in different locations – some farmers not preparing the land in time, collaboration in Dragash being less than expected and an unexpected shortage of planting material. Planting will continue in spring with locally-produced pot grown raspberry canes and with blackberry canes imported from Cacak Institute, Serbia. This scaling up, when completed, will have led to the planting of 16 ha of soft fruit involving 70 producers in six municipalities.

Cultivated Blueberries

The assessment of the 6 varieties imported in 2008 is being carried out by two M.Sc. students for their thesis following the methodology established by a professor from the University of Pristina. The first results show that imported varieties vary in fruit size, juice content, and flavour.



Blueberry fruits

Black and red currants

The performance of the 3 varieties of black and the 3 varieties of red currents imported in 2008 was disappointing – possibly due to stress during transport. While the plants' vigour increased considerably late in the year, insufficient fruits were born for any proper assessment. As far as plant growth and development is concerned it appears that the red varieties are showing better performances on all sites.

1.13 Top fruit

Summary

Project activities in the top fruit sector were increasingly implemented through service providers (SPs) – with the Project Officer mainly concerned with providing support and

training to the SPs – either directly or through specialists. Of particular note was the continued promotion of apple clubs (associations) and their participation in the financing of the advisors.

Apples: No further scaling up of apples has been contemplated since 2006 due to the incidence of Fire Blight disease and the absence of any national mechanism for combating it. Fire Blight was identified in only one orchard – thanks largely to the drier weather combined with the extensive training carried out by the Rural Development Department of MAFRD – supported by the Project. Steps were taken to combat another risk to the apple crop – that from hail. A protection system was purchased for two pilot demonstrations and will be established in early 2009.

Plums: Advice was provided to the beneficiaries of the scaling up of 2007 (amounting to 10 ha) through two SPs. Further scaling up was undertaken in 2008 in four municipalities involving 29 farmers over 12 ha.

Apples

No further scaling up of apples has been contemplated since 2006 due to the incidence of Fire Blight disease and the absence of any national mechanism for combating it.

Support was provided to advisory service providers contracted to the apple clubs of Deqan, Peja, Kamenica, Gjilan, and Viti. The apple club of Gjakova decided not to engage a SP since three of its members are themselves agronomists. Field visit programmes were prepared for the SPs, based on the apple vegetative calendar. The SPs were equipped with data collection sheets and report forms for the provision of feedback. Theoretical and practical training was provided on pruning, tree-training and plant feeding. Six meetings were organized with the SPs during the year in order to review the progress with the new approach and exchange ideas on their new role. Visits for members of apple clubs were organized to Albania and Macedonia (see 2.1).



New apple orchard

The general picture of the apple orchards this year was satisfactory although some gave indications of low production following the previous poor season. Damage by hares was common although the recuperation tended to be satisfactory. Fire Blight was identified in only one orchard – and that only in the first part of the year – a considerable improvement over 2007 – thanks to the drier weather combined with the extensive training carried out by the Rural Development Department of MAFRD – supported by the Project – during late 2007 and early 2008 (see 1.7). Codling moth – an insect

pest – was identified as the most active pest in the cropping season.

The replacement of dead saplings of orchards resulting from the scaling up in 2006 was poorly executed due to the failure of a number of nurseries to maintain in stock a sufficient range of varieties for this purpose. Weaknesses in tree management that require further attention include weed management, irrigation, plant and plant protection.

Hail protection system was ordered for two pilot demonstrations – one in Dukagjini and one in Anamorava. The material arrived in December and the erection of the systems will be carried out in the first quarter of 2009.

Visits for apple growers through clubs – associations were organized to Albania and Macedonia (see 2.1).

Heritage apples and pears

The objective of Heritage apple consideration is to safeguard the genetic diversity of the local plant species threatened by extinction. Their preservation will make it possible for other organisation to subsequently promote the regional biological heritage through educational, cultural, economic and scientific programmes.

The programme has largely been implemented through a service provider and undertook the following activities during 2008:

- § Monitoring of, and advice to, top fruit nurseries in the propagation of local apple varieties identified in 2007;
- § Continued survey of ancient apple and pear varieties in additional localities;
- § Establishment of the first orchards with local apple varieties with saplings produced locally.

Nursery production

Nurseries have produced sufficient saplings of heritage apple varieties for establishing nursery stock as well as demonstration orchards. About 2,500 young trees of first quality grafted on vegetative and generative rootstocks were produced.

Orchard establishment

Three orchards with heritage apple varieties were established in autumn and located in three municipalities: Istog (Istog), Deçan (Isniq), and Gjakova (Hereq). 1,154 saplings of eight varieties were planted. They were sourced from participating nurseries established in Dranoc, Kashice and Koretin and grafted on rootstocks such as M9, M26, MM106 and generative.

Survey

The survey in 2008 for the further identification of ancient apple and pear varieties was carried out in the municipalities of Gjakova, Junik, Viti, Istog, and Drenas. 20 apple trees, aged between 80 & 100 years, of 8 varieties and 56 pear trees of 23 varieties have been identified, tagged and mapped.



Heritage pear tree

31 leaf samples of apples and pears identified in 2008 were sent for further laboratory analysis to Italy to check for the presence of the three main apple viruses (ApMV – *Apple mosaic virus*, ACLSV - *Apple chlorotic leaf spot virus*, and ASGV - *Apple stem grooving virus*). None of these viruses were detected.

Plums

Scaling up 2007



Plum orchard

Advice was provided to the beneficiaries of the scaling up of 2007 (amounting to 10 ha) through two SPs. A third SP was engaged and co-financed with the Malisheva Association. The programme developed for the provision of this advice included land, tree, and weed management, and capacity building in monitoring and managing of the young orchard. The tree development of the orchards planted in 2007 has been satisfactory. Identified problems included weed management and the implications of intercropping.

Scaling up 2008

Further scaling up was undertaken in 2008 in four municipalities, ie Viti, Ferizaj, Istog and Klina. Viti and Ferizaj have financially supported this venture with 20% of the cost of the trees. Istog and Klina municipalities were involved institutionally by participating in the whole of the selection process. Three SPs engaged to represent the Project in whole process and guide and train farmers in orchard establishment.

29 farmers were selected from about 60 applicants. The total planted area was 12 ha out of the 10 – with the increase resulting from the co-financing of the two municipalities. Nine varieties were planted but were mostly President, Stanley and Cacanka.

Trees were delivered by nursery men under SP supervision. Labelling was done according to MAFRD requirements. No deviations in quality and number of trees were noticed. Planting was done at the proper time in all sites except in the case of two that were affected by irrigation channel reconstruction.

Cherries

The objective of importing cherry planting material to establish three demonstration orchards totalling 1 ha was frustrated since the normal sources in Western Europe had insufficient stock.

1.14 Medicinal & Aromatic Plants (MAP)

Summary

The inventory of the presence of MAP was expanded to cover the Sharri Mountains by a team from the University of Pristina assisted by two MAP operators of the region.

Collaboration was continued with a Swiss-supported certification company from Albania that provided training to collectors on sustainable collection. In addition they assisted two collectors to prepare for the organic certification of certain collection areas in order to facilitate exports. Such certification only becomes possible once a reliable inventory has been established. It is expected that the operators will achieve certification in 2009.

Two operators exported 250 tonnes of 14 species, at a value over € 600.000 to Germany in 2008 – a 20% increase over 2007.

One operator collected 76 tonnes of 21 species during the first semester. This represents an increase of around 100% over the previous year – due mainly to the improved collaboration with other operators and improved linkages with collectors in different regions of Kosovo. This quantity required 13,830 working days for collection (equivalent to 56 full-time jobs) and earned collectors a total of €198,000. Data from the second semester is still to be collected.

Introduction

2007 had been the most successful year for the MAP sector in Kosovo since the end of the war. Two operators² exported € 0.5 mio of collected products to Germany and neighbouring countries (up from € 110,000 in 2006). Operators built good links with processors in Germany.

The Project financed an inventory of MAP in the Albanian Alps while CARE undertook the financing of a similar inventory covering the SE of Kosovo. It was realised that these surveys constituted a major part of the requirements for the organic certification of both regions and operators. These positive developments led to a decision to expand the investigations to the Sharri Mountains and to start the process of organic certification in 2008.

Inventory of MAP species in the Sharri Mountains

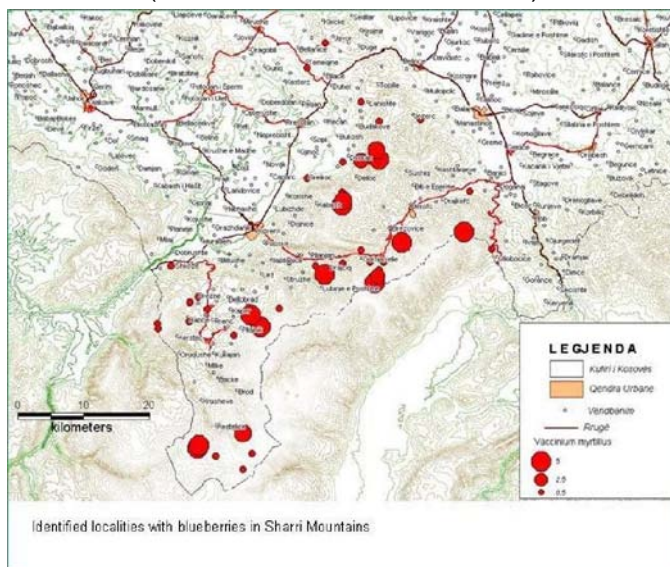
The MAP inventory of the Sharri Mountains (in the south-west of Kosovo) has been undertaken by a team comprising Professor Millaku of the University of Prishtina and his assistant Mr. Elez Krasniqi. They were assisted by two MAP operators of the region who were happy to use this opportunity to deepen their knowledge on the subject.

The team visited 57 localities within the region of the municipalities of Dragash, Suhareka, Ferizaj and Prizren. The areas covered by the individual identified species were visually assessed, and the quantities available (dry equivalent) were calculated by harvesting sample 1m² plots. During the

inventory a total of 63 species were identified of which 18 are present in quantities exceeding 100 tonne each.

A professor of Geography, Dr. Florim Isufi, was hired to prepare a digital map of all the species with over 100 tonnes and some localities with particular potential.

The final report was presented to the actors of the sector, including a representative of GTZ.



Map of visited localities to assess the present situation of MAP species

² A MAP operator is a person who purchases collected MAP from collectors and sells them on mainly for export and normally after drying and some other processing.

The previous inventory of the Albanian Alps presented only the area covered by the 72 species identified but did not include an estimate of the weight available. This latter information is required for organic certification and it was studied in a second round of visits over a more limited area. Twenty species were found in quantities of over 100 tonnes – the most present being Bracken Fern *Pteridium aquilinum* with over 1,000 tonnes.

Capacity building

A 2-day theoretical and practical training on sustainable collection was provided to collectors and operators by Albinspekt – an Albanian certification company. The EU regulation for organic products 2092/91 and a draft international standard for sustainable collection were presented to participants. The latter were especially pleased that, for the first time, international standards were being presented by a certification body in the Albanian language.

Publications

A handy pocket guide for the identification of the economically most important collected medicinal and aromatic plants in Kosovo was produced in collaboration with Professor Millaku and 2,000 copies printed for distribution to collectors. The guide presents for each of the 27 species covered a picture of the plant, its name in Latin, Albanian and Serbian, the commercially-important part of the plant and an indication of the time of collection. The guide has helped collectors and operators to standardise the names of species – the latter previously having different names in different regions.



MAP pocket guide

Drier

A drier co-financed by the Project was established in Dragash with a MAP operator. The drier is designed for blueberries and juniper berries – species that were exported the most during last three years. It is hoped that the operation of this drier will stimulate the collection of MAP in the Sharri Mountains – as happened previously in the Albanian Alps.

Certification

Albinspekt provided information sessions over two days, financed by the Project, on the procedures for organic certification to two MAP operators “Agroprodukt-Syne” from Istog and “Hit Flores” from Dragash. Subsequently, both operators signed contracts with Albinspekt and BioInspecta, a Swiss certification body with accreditation for EU market, to undertake certification and have committed them to pay for it. In meantime, to enable the operators to meet the requirements for the certification, the project financed pre-inspection by Albinspekt – the initial assessment of the stage of the development of companies and provision of templates for different forms needed for the traceability. In the event, both operators considered that they were not yet of a sufficient standard to submit to certification in 2008 but are preparing themselves for 2009.

KOMAPA

Kosovo Medicinal and Aromatic Plant Association (KOMAPA) was established in 2002 with the support of a USAID project. It has been inactive for some years but, during the training organized by the project, actors of the sector asked for its reactivation. The project facilitated

a meeting of KOMAPA in May during which the participants decided to reorganize the association through new elections and the development of a plan of activities for the rest of 2008. However, they have not met since.

Marketing & export

Two operators, “Agroprodukt-Syne” from Istog and “Hit-Flores” from Dragash exported 250 tonnes of 14 species, at value over € 600.000 to Germany in 2008 – although to different companies compared to 2007. This represented only a 20% increase over 2007. “Agroprodukt-Syne” made a further important step in establishing itself in the German market by exporting over 11 tonnes of cowslips to a company that it had not previously dealt with. Later, representatives of the same company visited Agroprodukt-Syne to get to know the company better and to discuss the possibilities to cultivate cowslip and gentiana lutea and future export possibilities.

Collaboration with other projects

The project has closely collaborated with GTZ and CARE for the development of the sector. The projects informed each other for their plans in order to promote synergies - while HPK provided training for collectors and operators on technical issues, GTZ organized a study visit to Germany to build other export linkages. A visit to Albania for six actors was organized jointly by the project and CARE and proved a good opportunity for the participants to learn about the sector in Albania and to interact with each other. While the collaboration with both projects was satisfactory, the CARE project has closed down in August (although a new phase is meant to start in 2009) and GTZ will only provide technical assistance and support to study visits to Germany. HPK remains, therefore, the principle project supporting the sector. This new context requires the project to revise its strategy for its support to the sector.

Cultivated MAP

The project has supported the introduction of the commercial cultivation of MAP since 2002 targeting the production of the raw material for tea-bag producers. Initially an association in Istog was supported and later on the experience was scaled up in three other municipalities. In 2007 “Agroprodukt” of Istok cultivated 10 species of MAP over a total area of 8 ha – including 2.5 ha with 3 out-growers - all sold, after processing, to ‘Herbakos’, a tea-bag producer in Peja. The Project’s promotion of cultivation in other municipalities has mainly failed due to the distance between the grower and processor – an obstacle that is likely to be overcome once a wider network of driers is established and other markets found for cultivated herbs.

Impact on jobs and income

During the first semester, the MAP operator “Agroprodukt Syne” collected 76 tonnes of 21 species. This represents an increase of around 100% over the previous year – due mainly to the improved collaboration with other operators and improved linkages with collectors in different regions of Kosovo. This quantity required 13,830 working days for collection (equivalent to 56 full-time jobs) and earned collectors a total of €198,000. Data from the second semester are still to be collected.

1.2 Nurseries

Summary

The deliberations of the Fruit Strategic Planning Working Group (in which the Project was an active member) during 2008 gave a particular impetus to the promotion of the fruit nursery sector. The project activities with nurseries during the year were developed in the light of the strategy that the WG was developing and covered:

- § Improvement of management practices;
- § Introduction of new technologies;
- § Active participation in the development of the required legislation and administrative structure.

Soft fruit: After the failure of the soft nurserymen to organise the import of planting material in 2007 the Project facilitated a discussions between them and a local input supplier regarding such import. The development of nursery production of raspberries and blackberries has been hampered by limited demand and a reliance on a single nursery for some of the species (although three others are establishing. To help correct this situation the Project assisted in the establishment of a further two blackberry nurseries in 2008 (in addition to three others established the previous year).

Top Fruit: 2008 marked a turning point in the evolution of the top fruit nursery component of the Project. Of particular note was the advances made by the Ministry in establishing much needed regulation. The problem of obtaining rootstock of a high-disease resistance variety has finally been overcome with the import of 'Gisela 6' cherry rootstocks that are now being bulked up in five nurseries. This will allow the establishment of demonstration orchards.

Ornamentals: While the ornamental sub-sector has had little attention from Government, it has nevertheless shown rapid growth through a relatively small number of producers. The project has supported it by providing expertise from different European countries, introducing new technologies, promotion of landscape gardening and introducing planting material of new species to extend its range of products.

Fruit nurseries in general

The deliberations of the Fruit Strategic Planning Working Group (in which the Project was an active member) during 2008 gave a particular impetus to the promotion of the fruit nursery sector.

The Working Group identified the major bottlenecks of the fruit nursery sector to be:

- § The lack of an appropriate and clear legislation for planting material propagation;
- § The lack of sufficient administrative instructions to give teeth to the law on plant no directives for planting material categorization were in place;
- § The lack of directives for planting material categorisation;
- § Best management practices were not introduced to all registered nurseries in country.

The WG subsequently drafted a national nursery strategy (see 3.1).

Two crucial administrative instructions were also drafted and approved, ie: (i) the categorisation of planting material and (ii) mother orchard registration.

The Project facilitated by identifying sources of advice and organizing study tour for the MAFRD staff as well as by active participation on preparation of administrative instructions.

Project funding supported the WG in undertaking a study tour of Italian institutions involved in the nursery sector and a survey of all nurseries in Kosovo.

Subsequent to the study tour to Italy, the WG drafted two crucial administrative instructions that have been approved, ie: (i) the categorisation of planting material and (ii) mother orchard registration.

Project activities: The project activities with nurseries during the year were developed in the light of the strategy that the WG was developing and covered:

(i) Improvement of management practices; (ii) Introduction of new technologies; (iii) Active participation on development of the required legislation and administrative structure.



Nursery lines

Soft fruit nurseries

All species

A visit to Italy was organized for 5 soft fruit nurserymen and included all links of the certification scheme chain and strawberry indoor fruit production. Professor Stefano Musacchi allocated his time to guide the group around the soft fruit nurseries and indoor fruit production in Bologna region. In the end only two nurserymen participated (in addition to the project officer) because of visa constraints.³



Indoor cane production

A regional consultant was engaged to introduce EPPO standards of nursery production to all soft fruit nursery owners. The pot grown planting material propagation technology continued to be implemented successfully by two of the three nurseries. A formulation for proper

substrate was developed and provided to producers and nursery owners.

Strawberries

Nursery production is well established with three major actors but important issues remain such as quality standards, respect of plant breeders' rights and a sustainable mechanism for the import of mother planting material.

Phytosanitary requirements for healthy planting material propagation as well as legal requirements for planting material standards have been introduced to all nursery men. The runner pot-grown technique that has proved a major step forward in nursery production has

³ See 'Visit to Italy with soft fruit nursery men, 080710'

been adopted by two of the three nurseries. Data regarding the distribution of protected varieties have been kept even if the exactness of them is still to be analysed.

Importation of mother planting material: After the failure of the soft nurserymen to organise the import of planting material in 2007 – despite the support offered by the Project, the latter facilitated a meeting between them and a local input supplier regarding such import. The parties agreed that the input supplier would organize the import on behalf of the nurseries in future. All the currently used varieties are to be included and the supplier was also asked to look for other suitable varieties. This arrangement has yet to bear fruit. One nurseryman, however, obtained 3,000 imported mother plants in an ad hoc manner through another channel.

Raspberries and blackberries

The development of nursery production of raspberries and blackberries has been hampered by limited demand and, until recently, a reliance on just a single nursery. Three additional raspberry nurseries were, however, established in 2007 in Debelde but are still at an early stage of development. To help correct this situation the Project assisted in the establishment of a further two blackberry nurseries in 2008. A new raspberry variety was identified along with the potential supplier and was introduced in Podujeva region to a new nurseryman as part of the scaling up programme with a processor. The variety was recommended by the UK nursery Hargreaves who reported that it is well shaped, sweet with a strong flavour and an intensive red colour. It grows more like a small tree than a bush.

Black currents, red currents and blueberries

600 blueberry plants (of 7 varieties) and 180 currant plants – both red and black (of 6 varieties) were imported from UK for testing and assessment. The plants were delivered to three soft fruit nurseries, one potential nursery and a researcher. Assessment has started on the blueberry varieties imported earlier in the year. In addition, two students of the University of Prishtina are undertaking their masters' theses on these varieties supported by Professor Agim Zajmi.

Top fruit nurseries

2008 marked a turning point in the evolution of the top fruit nursery component of the Project. Three elements were particularly evident:

- The start of the consolidation of the technical support given to the seven nurseries promoted up till now – much of this consolidation involving the introduction of quality standards;
- Support to the Government in the establishment of such quality standards and the preparation for the required legislation – especially through the work of the Strategic Planning Programme;
- The start of the implementation of the agreement with the Ministry of Agriculture to widen the Project's client base to encompass all registered nurseries in the country – initially through widening the invitation to training sessions. All registered nurseries have been invited to the



Scion hedge rows in early stages

training season with 16 of them attending. The idea was to introduce to them some of best cultural practices implemented in nurseries that have been supported by the project up till now. All nurseries will be instructed by the Ministry to reapply for certification and registration. By these means it is expected that all registered nurseries will operate according to the law which is based on EU standards. The attainment of such standards will facilitate the export of their produce – even to EU countries.

This new registration of nurseries is now required since the administrative instruction on the nursery registration is now in place. The Ministry has started a series of meetings with all registered nurseries and phyto-sanitary inspectors to introduce the new legislation.

Direct project activities

A link was facilitated between local nurserymen and an Italian supplier of graft wood – leading to an order being placed by nurserymen for 4,400 grafts of different apple varieties. This helped overcome a shortage of graft wood available from local registered mother stock and reduced the likelihood of nurseries obtaining grafts from unregistered sources – such as orchards.

2,000 'Gisela 6' cherry rootstocks that exhibit high disease resistance have been imported and delivered to 5 nurseries. This overcomes a major bottleneck in the promotion of cherry production in Kosovo since previous rootstock did not provide the necessary resistance to diseases.



Training with nursery men

Pear seed production stock (for generative rootstocks for pears) was established in one site with trees originated by seeds imported by the Project in previous years. This is due to the fact that it was not possible to identify a supplier with pear trees for seed production.

Professor Pace from Albania provided training on EPPO standards for the production of planting material to the owners of all 16 top and soft fruit nurseries registered in Kosovo in a joint

program with MAFRD. This provides with a new quality approach, because not only nurseries supported by the project were considered.

A nursery profile – an outline of the characteristics required of a modern nursery – was drafted, discussed with the Ministry and presented to, and agreed by, the nurserymen. The profile is designed as an interim agreement aiming at EPPO⁴ standards until the relevant administrative instruction is enforced.

A study visit was organised for top fruit nurserymen and service providers to Albania to share experiences with Albanian nurserymen regarding quality tree production and treatments of trees prior to sale. The Vlora Fruit Institute was also visited to learn about modern techniques of the management of mother blocks, the production of graft wood and the use of screen houses.

⁴ European Plant Protection Organisation

Nursery owners that had been supported by the project in recent years were assisted in registering as an association.

Ornamentals

Background

While the ornamental sub-sector has had little attention from Government, it has nevertheless shown rapid growth through a relatively small number of producers. The project has supported it by providing expertise from different European countries, introducing new technologies, promotion of landscape gardening and introducing planting material of new species to extend its range of products. It has also been one of the sub-sectors considered in the Strategic Planning exercise with the Ministry.

Municipal gardens

The return component from the importation of new ornamental tree and shrub species for three nurseries involves the provision of planting material to municipal gardens. The first arrangement (in 2007) ended in failure since because Suhareka Municipality failed to maintain the garden.

So far during 2008 one contract for the establishment of a garden has been implemented between Gjakova Municipality and 'Fidanishtja me Tuja' Nursery – Junik. Plants are to be supplied by the nursery to a value of €610 while contributions are also being made from private companies and the community. This time the contract clearly stipulated the Municipality's responsibility for maintenance. Two further gardens were postponed for 2009, where the implementation is planned jointly with the municipalities.



1.3 Input supply

Summary

The Project continued to facilitate links between local input dealers and regional input companies. This has led to the improvement of the availability of quality inputs and also the provision of advice.

The production of worm compost is continued to expand with four new producers in 2008 (all women from Peja) bringing the number to 17. Their total production will amount to of 260,000 litres in 2008 valued at €15,600. Commercial marketing was tested for the first time – all other product having been sold directly to nurseries.

Input dealers

Facilitation by the Project in 2007 on building linkages between local input dealers with regional input companies led to the establishment of local representatives of three of the companies. Not only is this improving the availability of quality inputs – but the provision of quality advice has also been enhanced.

Before the 2008 sowing season of carrots and onions, the project facilitated two meetings of farmers with input dealers – range of seeds and pesticides were offered to farmers.

The input dealer “AgroPHARMA”, representative for Kosovo of Hungarian seed company ZKI provided technical advice to seeded onion farmers through field visits to all his clients. In addition, the dealer and ZKI representative for Balkans visited the project to analyze the 2008 activities and to plan 2009 – for which they are planning to expand provision of advice through bringing an onion expert from Hungary – paid by the seed company.

The project facilitated the presentation of the range of pesticides by the Bayer Company to apple growers. The growers requested the representatives to prepare catalogues of Bayer products for specific crop and organise training jointly with HPK to present the products and to advice on diseases and insect pests and pesticide application.

Worm Compost

The production of worm compost is in the process of being developed further and the product has proved itself of high quality and very popular with nurseries – the latter utilising the quasi-totality of the production. 17 producers have been introduced to the enterprise so far over the last three years (in 2008 four were established) and are due to harvest a total of around 260,000 litres this year valued at €15,600.

4 units were established in Peja region in 2008 (all women) facilitated by a service provider and utilising return components (in the form of worms) from previous beneficiaries.

Commercial marketing

The first commercial unit to be established (in 2004), with worms introduced by the Project, and on which the promotion is based, has itself produced 400,000 l in 2008. All 17 producers used the worm compost for their own nurseries or sold to other nurseries. An exception was 60,000 litres that were tested in the open market (Mitrovica, Vushtrim and Skenderaj) mainly at agricultural input suppliers €0.075/lit. The product was sold in 40 l plastic packaging co-financed by the project.

1.4 Greenhouse development

Summary

A study of the potential of the greenhouse industry in Kosovo was conducted by a regional consultant. It recommended the promotion of the industry in order to substitute for imports and urged a move towards improved cultural practices with mid-level technology greenhouses.

The first comprehensive inventory was carried out on the greenhouse infrastructure in-country and found that the area of greenhouses greater than 250m² in 2008 amounted to 154 ha of which 116 ha were simple tunnels, 14 ha medium technology level(MTL) and 24 ha block system. The success of this introduction was neatly expressed by the Ferizai operator when he stated that *‘I can’t now imagine seedling production without a growth room’*. Three more growth rooms were co-financed in December in Gjakova, Rahovec and Suhareka.

The company that started manufacturing mid-level technology greenhouses in Ferizai won completed contracts for 9 structures in 2008 covering a total area of 0.4 ha and valued at around €80,000.

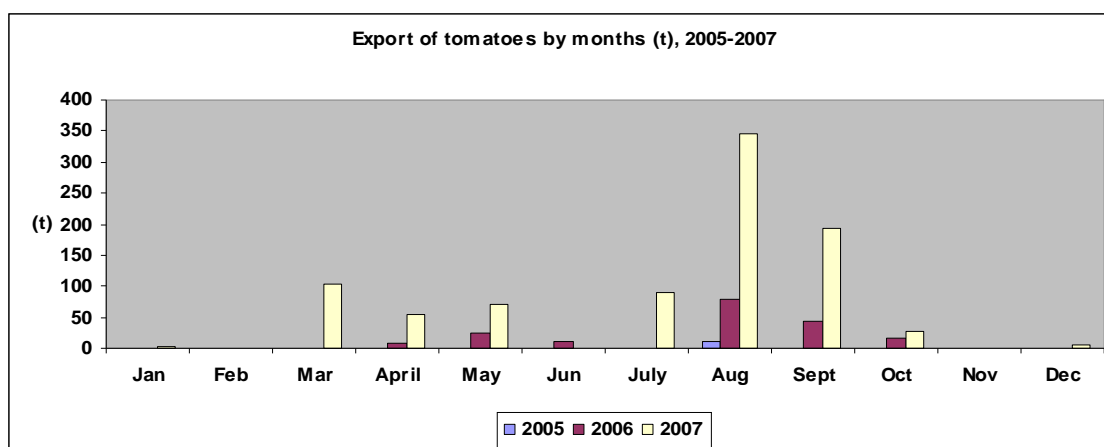
Other activities included advising the GBDG on improved growing conditions, promoting record keeping and organising a study tour to Albania.

A number of strategies were developed during the year that will profoundly affect the evolution of the Project's promotion of the greenhouse sector.

Introduction

The greenhouse business development Group (GBDG) started its operation in 2006 with the objective of acting as a driving force for the sustainable business development of the greenhouse sector. It comprises 10 of the most progressive greenhouse producers as well as representatives from the Ministry and the Project.

Producers called 2007 the year of the 'tomato' with average prices rising to 40 cents/kg as a result of the regional drought and the first significant exports from Kosovo (amounting to 890 tons)



Producers duly increased the area of greenhouses by 20% in 2008 – but probably little or no export of tomatoes took place (official data awaited) and the market was saturated – forcing producers to sell for processing in Prizren at the third grade price. It is hoped that this experience will encourage farmers to start thinking about alternative planting schedules and harvesting periods, crop diversity, grading and sorting of their product.

Improving seedling production in Mamusha area

Ten farmers from Mamusha and Njebisht (the main greenhouse production area in Kosovo) were provided with seedling trays and substrate in order to improve vegetable seedling production – they had traditionally been broadcasting seed onto hot beds. They were very satisfied with the quality of seedlings and have proposed to others to adopt the same technology. An input supplier in Mamusha is stocking the trays.

Promoting growth room technology

The two imported growth (or germination) rooms⁵ co-financed by the project and established in Ferizai and Mitrovica in 2007 started their first full year of operation. The Ferizai operation in 2008 produced 200,000 seedlings (half for sale to producers and half on contract to a single grower). The Mitrovica operation produced around 220,000 seedlings for sale and for his farm. The experience so far gained already confirms the Project's high expectations of

⁵ Insulated chambers with controlled temperature and humidity allowing for the rapid and even germination of seedlings.

being able to provide higher quality seedlings of greater uniformity at lower cost than by traditional methods. Ardiane Hoxha, the operator from Ferizaj, already states that *'I can't imagine seedling production without a growth room'*.

Based on the positive results of the two imported growth rooms, the Project invited expressions of interest in the local press in October for starting to manufacture the equipment in Kosovo. Eling Company from Gjilan was selected out of the three companies applying. The project co-financed three growth rooms and selected the potential beneficiaries in November from three municipalities - Rahovec, Suhareka and Gjakova. The selected beneficiaries have a good background in seedling production and a ready market for the sale of the improved seedlings.

Supporting GBDG on crop management and improving growing conditions

Following the GBDG members' request, a regional consultant – Professor Astrit Balliu – was engaged for three missions during the season to train them in more advanced techniques of crop management. A regional consultant – Professor Astrit Balliu – was contracted to undertake three missions during 2008 – covering operations at the following crop stages:

- Seedling production (growth rooms, seedling plugs from trays)
- From transplanting up to first harvest (irrigation, soluble fertilisers and the pruning of peppers) and
- Late harvesting and preparing for second crop (later production in the greenhouse, lettuce production, and proposals for a training course for service providers in 2009.

Study tour

A 5-day study tour to Albania was organised on May for 10 farmers from Mamusha and Njëpërbisht – the area with the greatest concentration of greenhouses in Kosovo. The participants could see with their own eyes that the standards of production in Albania are several years ahead of those in Kosovo and they appeared to be enthusiastic about what they learnt. They presented their findings to a meeting of their fellow villagers on their return.



Study tour in Albania with Mamusha farmers

Promotion of locally-manufactured greenhouses

An open day was organised to celebrate the erection of the first quality greenhouse to be manufactured in Kosovo. It was held at a vegetable nursery in Qerim, Gjakova Municipality with the participation of over 130 persons including MAFRD, SDC, Municipality of Gjakova officials, projects and farmers. The company, DST, Ferizaj – supported by HPK – was established in February, manufactured 9 greenhouses of the size illustrated on the right – totalling an area of 0.42 ha. These greenhouses were located in four municipalities (Gjakova, Shtime, Ferizaj and Prishtina) on eight farms – each producer taking an average 5 ares each. The sales of greenhouses in second semester were low because of the doubling of the price of galvanized steel that represents about half the cost of production. At the beginning of 2008 the greenhouses were selling at 13.5 €/m² but increased to 21€/m² by the autumn – making them financially unattractive. The price of steel has since dropped by 20%.

DST is in the process of designing a hybrid model which would be cheaper than the existing model.

Review of the Greenhouse sector in Kosovo⁶

A study of the potential of the greenhouse industry in Kosovo was conducted by a regional consultant from Albania Professor Astrit Balliu in July. The objective was to analyse the current situation and to point the way forward for the development of the industry in Kosovo.

The main recommendations proposed in the study for the future development of the industry were:

- I. Kosovo must promote the development of greenhouse industry. It will be the best way to substitute large fresh vegetable imports and to reduce poverty by increasing farmer's income.
- II. Kosovo greenhouse industry must shift from very low construction and management standards to improved medium level greenhouse construction and updated crop management practices.
- III. Kosovo greenhouse producers need better financial support (subsidies for improved greenhouse design, low interest rate credits) and better access to information and know how's (agronomic assistance, crop managements trainings, farm business training and assistance, market information), in order to shift from the current small scale to a more business oriented greenhouse production.

The main Conclusions and recommendations will be taken into account when preparing the plan of operation for 2009 and for design the strategic plan for horticulture in Kosovo.

Inventory of greenhouse industry in Kosovo

Current data are limited to estimations of areas of greenhouses under different size categories with no indication of the types of greenhouses or the equipment that they were furnished with. The need was felt for a more in-depth inventory that would facilitate domestic decision-making and policy-creating institutions to compile valid plans and policies for the support of the sector.

The inventory was conducted in July-August by the Department of Agricultural Economics of the University of Prishtina. Professor Mujë Gjonbalaj carried out this investigation with the assistance of 10 students of the department. The results of the survey were used on strategic planning and will be used to update the current statistical data within the MAFRD.

The results from the inventory showed the current situation of greenhouse industry in Kosovo:

- I. The area of greenhouses in Kosovo greater than 250m² in 2008 were 154 ha which 116 ha were simple tunnels, 14 ha medium technology level(MTL) and 24 ha block system.
- II. Majority of greenhouses area 125.8 ha or 81.68% were concentrated on 5 municipalities in Dukagjini area (Mamusha up to 94 ha, Suhareka up to 11 ha, Rahoveci up to 11 ha, Prizreni up to 5.6 ha and Gjakova up to 4.2 ha), and 28.2 ha or 18.32% were distributed to other municipalities.
- III. The big majority of greenhouses area are simple tunnels 116 ha or 75.32%, MTL 14 ha or 9.10% and block type 24 ha or 15.58%

⁶ A summary of the report can be found in the accompanying document '*HPK – Summaries of consultants' reports 2008*'

- IV. According to the construction material 61.3% of simple tunnels are constructed from metal combined with wood and very few from un-galvanised metal or galvanised & wood, MTL and “block-system” are more constructed from un-galvanised and galvanised metal, as well as from the combination of metal & wood and a less from wood.
- V. The greenhouse ventilation front and back is dominated to the simple tunnels up to 61.95%, whilst MTL and “block-system” tunnels have mostly lateral ventilation.
- VI. According to irrigation systems in greenhouses the drip irrigation is dominated with 74.06%.
- VII. Most interviewed farmers 516 or 80.12% said that they were interested in expanding their areas of greenhouses.

Future outlook

A number of strategies were developed during the year that will profoundly effect the evolution of the Project's promotion of the greenhouse sector.

The first strategy arises out of individual producers who are members of the GBDG having agreed to facilitate the establishment of ‘secondary adopter groups’ in the localities where their businesses are located and to provide mentoring to the groups’ members. It is hoped that, in this way, knowledge gained in the GBDP will find a smoother channel to reach other producers.

The second strategy involves the progressive mainstreaming of Integrated Production throughout the Greenhouse Component and the work of the GBDG and its secondary adopter groups. The Project Officer responsible for IP will thus take a much larger role within the component. The third group of strategies arise from the advice from Astrit Balliu.

1.5 Post-harvest

Summary

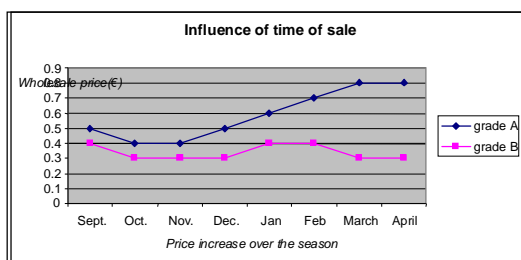
The monitoring of the profitability of four refrigerated apples stores financed by USAID was undertaken. Co-financing was provided for the provision of refrigerated apples stores to a member each of two apple associations. The structures were manufactured and installed by Kosovar companies. An attempt to co-finance a 750 m³ carrot store was unsuccessful.

Background

Storage facilities used by growers range from basements of their houses to buildings designed as warehouses but not as fruit & vegetable stores (ie with no proper ventilation or insulation). The project has previously been involved in supporting clients in adopting existing buildings for stores for apples and carrots (both one case each) and constructing four simple ventilated wooden stores for onions.

Apples

The experience with a simple apple store constructed in 2006 indicated that a cooling facility was needed for the storage of apples. Owners of 4 refrigerated apple stores financed by the US-funded KCBS in 2007 in UVB Association, Peja, were assisted to monitor the performance of the stores with the provision of small monitoring equipment (digital hygrometers, thermometers and clocks) and recording formats. The apples were stored in good condition for 7 months up to 8 May and the analysis of the records shows the profitability of the exercise.



Based on monitoring results, a new exercise on apple store cost / benefit analysis was undertaken. A turnover of €32,399 is planned from the sale of 60T apples stored (including 7% losses) in a period of 6 months. The exercise presents three types of costs such as (i) Operational Costs, (ii) Costs accumulated once per year and (iii) Storage depreciation

costs. The exercise presents the gross margin analysis, net profit, storage costs per kg of apple, and the opportunity cost. The balance between net profit / investments is 37%, which shows a full return to the investment in 2.7 years. The project will monitor the impact of this business and support new initiatives for 2009.

Support was given in 2008 to establish an apple store with one member of each of the two most promising apple clubs "Fruti" (Gjilan) and "California" (Viti). Both stores were fitted with automatic temperature and humidity regulation and were constructed by specialised companies in Kosovo. The store in Gjilan (with a capacity of 30-40 tonnes) was established by converting an existing building while the one in Viti (60-70 tonnes) was built from scratch using polystyrene panels. Each beneficiary's contribution amounted to 50% of the total cost with half of that amount to be paid to the corresponding Apple Club over a two-year period.



Co-financed apple store in Viti

Onion & carrot

One producer who had previously received assistance in building a small ventilated onion and carrot store subsequently invested in a 750 cubic-metre purpose-built store for the same products. The Project organised a study tour to Albania for him to consult with a specialist about how to equip the building. A contract was established with the Project for the co-financing of the equipment and insulation materials for the store – but had to be subsequently cancelled since the client failed to honour his financial commitment.

Brochure

An extension brochure was commissioned and printed on storage techniques for apples for the use of growers. The content includes actions that have to be taken during the production phase itself in order to ensure successful storage. Practical training for growers by the author of the brochure (Tokli Thomai from the University of Tirana) was carried out in August with 8 farmers and SPs.

Training

The Project financed the participation of three individuals (from the University, MAFRD & HPK) in a regional seminar on post-harvest activities of fruits and vegetables held in Montenegro – organised by the Biotechnical Institute of Podgorica. It proved to be a good opportunity to network with specialists throughout the region.

1.6 Processing

Summary

The establishment of a company to promote the processing by women of food products and market the product was co-financed by the Project and performed above expectations during the first processing season.

Introductory visits were made to horticulture processing companies in order to understand the current situation and investigate potential areas where the Project could be of assistance.

A commercial exploration to France and Switzerland was organized for seven stakeholders. One of the several positive results is the impending support by the Swiss Import Promotion Programme (SIPPO) of a Kosovar processor in the Fruit Logistica fair to take place in Berlin in the beginning of 2009.

Micro level

Domestic processing has been identified as an important activity for women allowing them to generate their own income while still remaining at, or near, their home. Initiatives have included the production of soft fruit jam as well as the pickling of vegetables and the production of ajvar - relish made from red peppers.

Enquiries showed that many women were interested in increasing production but had problems accessing the market. The bulk of their production was consumed in the household with limited quantities being sold from the house. The most successful marketing system operated for the Drite e Krushe women's association involved direct retail sales – but that system of distribution appeared to have reached its maximum size amounting to 6 tonnes.

The Project initiated a process to establish a wholesale business for women's processed food products in order to further increase women's access to the market. The progress on this initiative is described in Section 2.64.

Introductory visits to horticulture products processing companies

During 2008 the Project established initial contacts and developed a relationship with the majority of enterprises involved in processing of horticultural products in Kosovo (including Progresi, Agroprodukt Commerce, Agro-albi, Bylneti, Kooperativa Rugova and Pestova). These visits were initiated in order to develop an awareness of the present situation of fruit and vegetable processing companies in Kosovo, as well as to understand their problems, needs, plans for their future development. All this will help the project investigate potential areas where it could start working closer to the processors. A database of these companies was established.

From the initial visits it was learnt that there are many constraints in processing activities and it was identified that the Project could usefully work in certain areas such as promoting and facilitating the organization of the sector (especially the link with farmers associations), marketing of processed products and promoting quality standards in processing. An interesting example seems to be the introduction of drying vegetables in Kosovo that can be used in further processed food products. The owner of Agroalbi, for instance, asked the Project to make an estimation of the costs of substituting imported dry vegetables with locally-produced and dried ones. Further work will be continued in 2009.

Commercial exploration including processors

A commercial exploration to France and Switzerland was organized for seven stakeholders – including three processors, two traders, a representative of one supermarket, a packaging supplier and three HPK staff members. Two main objectives were considered: (i) the creation of awareness among the Kosovo stakeholders regarding the recent developments in marketing of fruits and vegetables (including processed products) and, (ii) the creation of new business linkages for the stakeholders (with potential buyers, suppliers or partners) during the organized visits to events and places of interest – with the project acting as a facilitator.



A view of the innovations section at the SIAL fair

In France, "Rungis" a major wholesale market, "SIAL" a major F&V fair and "Interfel", an inter-professional association of the fresh fruit and vegetable industry were visited. In Switzerland visits were made to "SIFEM" (the Swiss Investment Fund for Emerging Markets), "Inforama", a training centre for young people, Mr. Tal Babanaj, a Kosovan, trader of fruits and vegetables, Union of Swiss Vegetable growers and SIPPO (Swiss Import Promotion Organization). The participants gained valuable experience in the marketing of fruits and vegetable and also learned more about the activities of different actors involved in the sector.

SIPPO events

One positive result coming from the exploratory commercial mission is that two Kosovo processing companies were proposed for participation under the umbrella of SIPPO⁷ in the Fruit Logistica fair to take place in Berlin in the beginning of 2009. Agroprodukt Commerce and Progresi were chosen although only Agroprodukti will participate. It will be the first horticulture processing company from Kosovo to be officially present in the Berlin fair. In 2009, the project will continue to play a facilitating role and to assist with the coordination of participation of other Kosovo companies to SIPPO-supported events, with a particular emphasis on herb processors.



Kosovo horticulture stakeholders welcomed by project manager in SIPPO

⁷ Swiss Import Promotion Programme

1.7 Plant & Human Health / Integrated Production

Summary

Fire blight, an infectious disease of apples, was officially identified as present in Kosovo in April 2007. Discussions with the Ministry agreed on (i) assisting growers to combat the disease in their own orchards, and (ii) establishing mechanisms at the national level to prevent the spread of the disease. During 2008 much action was taken on the first point.

Activities over the last three years have involved introducing the concepts and practices of Integrated Production (IP) in collaboration with MAFRD and CABI Switzerland. 2008 saw the third year of the promotion of IP in indoor tomatoes. 20 producers in eight localities participated with 9 achieving IP status. The marketing of 41 t of the latter's produce under the 'Happy Tomato' label was supported by the Project.

A start was made in 2008 on preparing for IP promotion for the apple crop with pilot monitoring starting in two orchards.

Two developments are expected to lead to a more rapid uptake of IP in the near future - firstly, the mainstreaming of IP in all the advice provided directly or indirectly by the Project and, secondly, the proposed exploration with the major supermarkets to jointly promote quality standards for fresh fruit and vegetables grown in Kosovo.

Plant & Human Health

Combating infectious diseases

Background: Fire blight is one of the most destructive and infectious diseases of apple, pear and quince. The disease was officially identified in April 2007 throughout much of the main apple growing areas. Meetings were subsequently held with the Ministry in which it was agreed that action was urgently needed. Two groups of priority activities were identified: (i) assisting growers to combat the disease in their own orchards, and (ii) establishing mechanisms at the national level to prevent the spread of the disease – the latter requiring mainly strategic, legislative and administrative action. Since that time these issues have been discussed continually with the Ministry. Significant action, however, has only been taken on the first point.

2008: The presence of Fire Blight in orchards in 2008 was much reduced from that of the previous year – for two apparent reasons. Firstly, the weather was less conducive to the spread of the disease and, secondly, a major joint exercise was launched by Ministry, municipalities and HPK to inform growers about ways they could limit the damage from the disease in their own orchards.

A regional consultant from Albania Dr. Harallamb Pace (whose speciality is Fire Blight) conducted a mission in January during which provided training to 29 extension officers of various municipalities and of the Ministry. In addition copies of his monography on Fire Blight in Albanian were provided to the municipalities and the Ministry.



Fire blight training session – practical demonstration

Subsequently some of these trainers (mainly from the Rural Development Division of the Ministry) – supported by HPK - provided separate training sessions to producers in the main fruit-growing municipalities (Deqan, Peja, Gjakova, Malisheva, Klina, Viti and Kamenica). A total of 253 participants, mainly farmers, attended these sessions. In addition printed material related to the identification and on-farm control of the disease (a poster and a leaflet aimed at growers and an extension brochure aimed at trainers) were produced and distributed.

Diagnostic kits for diseases such as Fire Blight; Plum Pox Virus; Phytophthora species and Tomato Mosaic Virus have been imported for testing in collaboration with Ministry and other partners.

Integrated Production (IP)

Activities over the last three years have focused on introducing the concepts and practices of IP in accordance with international standards to indoor tomato producers. A start was made in 2008 on the introduction of IP practices on the apple crop. These activities have been implemented in partnership with the Ministry and with CABI (Switzerland) – the latter undertaking 30 days of missions spread during 2008.

Tomatoes

IP Working Group: An IP Working Group was established early in 2008 comprising IP farmers and staff of the Ministry, University, CABI and the Project. The Group developed crop-specific technical guidelines – a key document for IP implementation – listing the obligatory (and soon-to-be obligatory) requirements to meet IP status. The Group also identified the key insect pests and diseases of the crop as well as pesticides that could be utilised in IP

Producers and production: 10 farmers from Mamusha Association and Nepërbisht participated in a study tour of greenhouse production areas in Albania over four days organized by Project (see 1.4).

Promotion of IP tomato covered 20 tomato indoor producers in eight localities (Radoste, Mamusha, Nepërbisht, Shtime, Ferizaj, Gjilan, Miloshev and Pestov). They were supported by a service provider (38 days) regarding advice, monitoring of pests and record keeping. Each producer was supplied with stone powder and a dust pump for reducing humidity levels.

Most producers achieved the IP yield objective of 10kg/m² and in some regions up to 15kg/m² (compared with 10 to 13kg/m² for conventional greenhouse production). Harvest took place between the beginning of June and the first week of October). Nine of the 20 producers reached IP status, and sold 41 tonnes (twice as much as in 2007) in four supermarket outlets under the 'Happy Tomato' brand. The remainder of the production was sold through normal, undifferentiated, wholesale outlets. These producers benefited from marketing tools (packaging, leaflets, stands for four outlets and promotion of IP products through media TV and radio) provided by the Project.

Integrated Production on indoor cultivation						
<u>Farmers</u>	<i>Farmers who gained the IP status</i>		<i>Production of producers with IP status</i>		<i>Tomato sold as IP</i>	
	2007	2008	2007	2008	2007	2008
Ardian Hoxha	x	x	8.4 t	9.6 t	1.82 t	4.6 t
Fatmir Beqa	x	x	5.5 t	5.5 t	1.82 t	4.6 t
Skender Ramadani	x	x	7.2 t	7.0 t	1.82 t	4.6 t
Gani Shala	x	x	40 t	41 t	1.82 t	4.6 t
Feim Shala	x	x	40 t	40 t	1.82 t	4.6 t
Sadik Shala	x	x	30 t	25 t	1.82 t	4.6 t
Hysni Shala	x	f	30 t	0	1.82 t	0
Rexhep Kryeziu	x	x	42 t	45 t	1.82 t	4.6 t
Nexhat Morina	x	x	70 t	72 t	1.82 t	4.6 t
Xhelal Ramadani	x	x	40 t	45 t	1.82 t	4.6 t
Isuf Bytyqi	f	f	0	0	0 t	0 t
Nazim Taqi	f	f	0	0	0 t	0 t
Ilmi Taqi	f	f	0	0	0 t	0 t
Hamid Mazrek	f	f	0	0	0 t	0 t
Shaban Zogaj	f	f	0	0	0 t	0 t
Durmish Bytyqi	f	f	0	0	0 t	0 t
Total	10	9	336.1 t	308.1 t	18.2 t	41.4 t
<u>New IP farmers in 2008</u>						
Xhavit Bytyqi		test				
Isuf Lushi		test				
Ismet Dragusha		test				
Daut Kosumi		test				

Legend: x-with IP status, f-failed, te-are trying to introduce IP requirements.

Achieving IP status required implementing all 10 obligatory requirements based on the minimum standards set early in 2008 (table below).

Integrated Production Requirements for 2008
<i>*Every field must be identifiable for proper recording</i>
<i>Record / certificate available for seeds used</i>
<i>*Planting distance of 2.2 to 2.5 plants / m² implemented</i>
<i>Soil analyses used for optimal usage of fertilisers</i>
<i>*Annual fertilizer input recorded</i>
<i>Fertilizers kept in storage location with no risks of water contamination</i>
<i>*Drip irrigation implemented</i>
<i>*At least 2 preventive (indirect) plant protection measures implemented</i>
<i>Monitoring of pests & diseases and pest records documented</i>
<i>*Direct plant protection measure chosen is published on Green & Yellow List and/or Pesticide List and documented</i>
<i>*Weed management by non-chemical methods</i>
<i>*Producers informed about handling, rational use, and application of pesticides</i>
<i>Personal protective equipment for pesticide application available</i>
<i>Direct plant protection measures kept in pesticide storage location and organized according to requirements</i>
<i>*Post-harvest treatments not used</i>
<i>Note: * obligatory items</i>

Apples

A start was made in 2008 on setting up an IP promotion for the apple crop with the Project receiving the assistance of CABI (Dirk Babendreier) and Prof. Rexhep Uka from the University of Tirana. Pheromone traps were set up in two trial orchards (Dukagjini and Anamorava) to monitor the presence of Codling Moth – the most serious pest of apples in Kosovo.

An Apple IP Working Group was established during the first mission of the two back-stoppers and comprised apple producers,



IP apple-monitoring of key apple pests

MAFRD, service providers and the Project. The back-stoppers presented the general principles of IP and ideas for monitoring and controlling of key pests.

Prof. Uka undertook two further missions to provide additional training in the monitoring of Codling Moth and in the criteria for IP implementation according to international standards.

Future outlook

Two developments are expected to lead a more rapid uptake of IP in the near future. Firstly, IP is to be mainstreamed by the Project for all technical advice given directly or indirectly through service providers as from 2009. Secondly, the Project hopes to reach an understanding with key retailers (including supermarket chains) to jointly promote quality standards in fresh fruit and vegetables grown in Kosovo – such promotion including the implementation of a quality assurance scheme and a preferential marketing channel (see 1.8).

1.8 Marketing

Summary

A long-awaited study into the structure of the marketing of fresh fruit and vegetables in Kosovo was undertaken in October. Its objective was to provide a greater understanding of the present situation and guide the future interventions of the project.

The visit to the International Agricultural Fair of Tirana was organised in September for a trader, processor, packaging supplier and a retailer.

Project staff participated in the annual conference of the Central European Initiative Wholesale Markets Foundation in Bucharest, Romania with a view of encouraging links to markets within the region.

Introduction

Local vegetable producers started 2008 with great enthusiasm based on the success of the previous year. In 2007 locally-produced onions, tomatoes, cabbages had been exported in significant quantities to the region for the first time - and prices were generally high.

The great expectation of Kosovo farmers in regard to continued exports was not realised in general. Strong competition (quality, price seasonality and better packaging) from the

neighbouring countries (Macedonia and Albania) affected the overall export of Kosovo produce. Only red peppers were highly demanded for export - mainly from processors in the region (Albania and Serbia).

The domination of the import of vegetables, however, continued to decrease. Onions, carrots and strawberries increased their market share. A rapid assessment by HPK indicated that local production captured 80% of the commercial of strawberries. A similar situation appears to be the case with onions and carrots – albeit from a higher base.

The presence of imported products from Albania increased rapidly - the early and late off-season market is no longer dominated only by Turkey and Greece. Albania strengthened its market position by exports of carrots and cabbages during (February, March), followed by watermelon in early the season (June, July) and tomatoes, peppers, melons later in the year (November, December).

1.81 Market studies, exploration and analysis

Market structure study⁸

An international consultant - Andrew Sergeant - conducted a Market Structure study during October and was assisted by Arben Musliu, a local consultant.

The objective of the study was to provide a clearer understanding of the overall characteristics, structure, functioning, and procedures of the marketing of fruit and vegetables in Kosovo - including intra-Kosovo trade as well and imports and exports – and the trends in these various elements. The study highlighted the major opportunities and threats that the fruit and vegetable market was experiencing in Kosovo. Suggestions made on how horticulture sector could continue to develop especially in increasing competitiveness, revenue, and job creation among the principle stakeholders implicated in the horticultural value chain.

The consultant considered that In particular:

1. At all points of the market chain there were many buyers and sellers;
2. Virtually all the buyers and sellers are too small to influence the market on their own;
3. It is very easy to get good and accurate market price information;
4. The entry and exit barriers are very low, it is relatively easy for any actor to sell at any point in the chain, and
5. It appears that market prices are determined by “supply and demand”.

His main recommendations were that the Project:

- Work closely with supermarkets since there is a potential that they will become major players in promoting quality fresh fruit and vegetables (and thus provide the demand necessary for the full development of Integrated Production;
- Identify and eliminate export constraints on the borders;
- Identify and quantify export opportunities;
- Promote improved packaging and presentation;
- Promote improved and appropriate quality standards;
- Support efforts for group marketing;
- Promote marketing education;
- Promote processing.

⁸ The summary of the Market Structure Study is to be found in an accompanying document – ‘HPK – Summaries of consultants’ reports 2008’.

1.82 Improvement of the current market information system

Review the market information system

A Market information system (MIS) established in 2006 by the EAR-financed Marketing Support Project continued to be managed by the local association “Sistemi informativ I tregut”. Weekly price information of agricultural products is collected from 7 different cities of Kosovo. Raiffeisen Bank is financing 50% of the cost up till the end of 2009.

HPK initiated several meetings with this association in 2008 and explored the possibility of engaging an international consultant to review the whole issue of MIS in agriculture.

1.83 Support for new products

IP Promotion

The Project decided that marketing support (such as packaging) for greenhouse products would be limited to products that attain IP standards. A marketing strategy for IP tomatoes was the subject of a workshop organised in collaboration with CABI during which it was decided to develop a special label and cardboard box for IP tomatoes and flyers to raise



IP tomatoes promotion at an important
Prishtina supermarket

consumers' awareness. In addition market stands were developed as requested from the owners of different points of sale (supermarkets) with the aim to physically differentiate IP from conventional tomatoes. Only those farmers attaining the minimum IP standards would be able to take advantage of the IP marketing channel.

9 farmers – tomatoes producers engaged in IP marketing who achieved to reach common quality standards of IP production started with promotion of IP tomatoes in 4 different outlets. 4 market stands, 10,000 IP flyers were produced and 6,300 carton boxes were ordered to the local packaging

manufacturer. In addition the IP logo was designed and used in market stands, flyers and carton boxes. Problems appears with packaging supplier who didn't manage to supply packaging in time due to the lack of experience dealing with quantities demanded and the lack of proper gluing machinery (see also 1.7).

Participation in local and international fairs

International agricultural fair 2008: Alliance of Kosovo Agribusinesses, supported by the Ministry of Agriculture, and financially supported by USAID/KCBS, organized an agricultural fair from 11 – 13 June 2008. 3 HPK clients participated. This event was a good occasion for DTS Company from Ferizaj – greenhouse manufacturer - to promote its products for the first time to the overall Kosovo market. The other exhibitors were Agrosera, Mitrovica – bedding plants and



Participation of local greenhouse manufacturer
in AKA Fair

landscaping enterprise and Herbakos – a MAP processor.

Commercial mission to France and Switzerland - A commercial exploration mission to France and Switzerland was organized for seven stakeholders - processors, traders, a representative of one supermarket, and three HPK staff members (see 1.6 for more detail).

Organising annual traditional events and open days

Locally manufactured greenhouse open day: An open day was organised on 16 May to



Greenhouse Open day - Qerim

promote the products of DTS Company from Ferizaj – the first manufacturer of quality greenhouses in Kosovo. The event took place at the farm of Pren Ramaj, Qerim, Gjakova municipality where the first DST greenhouse was erected covering 500 m². The event attracted more than 130 participants.

Watermelon open day: Agrobiznesi – a farmer cooperative from Radoste organized a watermelon open day. More than 70 participants – farmers, representatives of local and national institutions, donors and media attended to this event. Its aim was the promotion of early watermelon and melon production. Agrobiznesi and HPK

shared the costs.

Opening ceremony of operation centre for women processed products: More than 30 different stakeholders participated to the opening ceremony of the operations centre for women's processed products which was organised by Ola Sylja – manager of the centre supported by HPK. The objective of this event was promotion of new business established by Ola Sylja with the aim of the collection and distribution of different processed products produced by different women's associations from different places of the country.

Improving access of clients to the media (media engagements)

Thanks to permanent interaction with rhw media - RTK, the national TV and Radio covered the activities of HPK and their clients on 18 different occasions during the year. A full list is presented in Annex IV.

(See also 1.87)

1.84 Feasibility analyses of investing in institutional arrangements

Market linkages support

Discussions have been held with farmers in Mamusha – the area with the greatest concentration of greenhouses in Kosovo – about improving the marketing of their products. These discussions followed a series of important developments in the village including (i) the first substantial export of their tomatoes (to Bulgaria in 2007), an associated first major attempt by the farmers to collaborate in bulking up of



A view from the wholesale market infrastructure in Fier, Albania

their produce to facilitate the work of the exporter, (iii) the formation of an association (comprising 160 members) by breaking away from the Anadrini Association, (iv) the willingness of the pilot Municipality to provide space for a collection market and (v) to willingness of Mercy Corps to invest in such a centre or a cool store.

The Project organised a study tour to Albania for farmers and the municipality to examine marketing practices by visiting *wholesale markets and producer associations*. 4 representatives of Mamusha municipality (including the Mayor Mr. Arif Bytyq), 4 representatives of the farmer association “Mamusha” and 3 representatives of HPK participated in the study trip. The purpose of the trip was:

- To observe the developments in the organization and management of horticulture wholesale markets in Albania
- To increase the awareness of the Municipality staff about the private-public partnership in the wholesale market implementation and management
- To increase the awareness of the farmers on the importance of having a common wholesale market with proper conditions.

1.85 Promotion of quality standards

(See 1.7 and 1.81)

1.86 Promotion of point of sale for local produce

(See 1.83)

1.87 Promotion of business-to-business links in the region

International agribusiness fair Tirana 2008 : 4 stakeholders (a trader, a representative of Benaf, representative of Agroalbi from Ferizaj packaging supplier from Prishtina), a representative of KCC and RTK crew were supported by HPK to visit the International agribusiness fair in Tirana from 25 to 27 of September. This is first time that HPK organised visit of different stakeholders involved in agribusiness sector to visit this event. Participants had opportunity to meet and explore possibilities for new partnerships with different business partners in Albania. Most productive was the packaging supplier from Prishtina managing to established contact with carton producer from Durrës.

Participation in the annual conference of the Central European Initiative Wholesale Markets Foundation in Bucharest, Romania

Two HPK staff members SR and LH participated in the annual conference of the Central European Initiative (CEI - <http://ceiwmf.org>) organised in Bucharest, Romania from 14 to 19 of September. The objective for HPK was the establishment of linkages with representatives of different markets from South East Europe – and exploring the possibility of the Prishtina Wholesale market becoming a permanent member of CEI in 2009.

Participants included delegations from Croatia (from 4 wholesale markets), Albania (representative of Greenmarket), Poland (representatives of 2 markets) and a representative of Romania.

The Foundation was formed with the assistance of the European Bank for Reconstruction and Development (EBRD), the Central European Initiative (CEI), Food and Agriculture Organization of the United Nations (FAO) and the United Nations Economic Commission for Europe (UNECE). Its objective is to assist wholesale market companies to develop and improve their operations in order to better serve their clients and increase their revenue.

The following possible outcomes resulted from this visit:

- The possibility of organizing a study trip with Kosovar stakeholders to Croatia (thanks to the contact established in Romania);
- Provision of price information for the main crops commercialised in Kosovo in order to include them in the regional market information system;
- Continue contact with the Polish representative in regard to berry exportation;
- Organisation of a meeting with the Pristina Traders Association in order to evaluate their interest in joining the Foundation

Two meetings have already been held with the management of the wholesale market in this regard and to explore other potential collaboration.

2. BUSINESS DEVELOPMENT SERVICES

2.1 Interest groups

Summary

The Project is gradually gaining inexperience and confidence in the promotion of collaboration between producers. Three further apple associations were formed in 2008 in the municipalities of Peja, Gjakova and Kamenica – while an already established top-fruit association in Malesheve was provided support following its request – bringing the total to seven.

Support was given to strengthen the organisation of the associations and 75% co-financing was provided for the engagement of a private technical adviser selected by each association. Two of the associations also selected one of their members to benefit from co-financing for the establishment of apple cool stores.

Four study tours of other apple areas were organized for 8 apple clubs to visit other apple production areas in Macedonia and Albania.

The component was reviewed in October by a consultant from IC HO in Bern.

Introduction

The Project's strategy of working with associations in its early years was abandoned in 2003 as a result of their poor performance and the realisation that most were artificial creations. The Project has since worked largely with actors that had potential to benefit from support – mainly farming families. It is realised, however, that real progress in the horticulture sector necessitates a certain minimum of collaboration between actors and Project started promoting such collaboration and facilitating its formalisation through associations.

The geographic concentration of new apple orchards resulting from the scaling up programme of 2006 led to the decision to start by promoting the creation of apple clubs – or associations – within each of the six municipalities involved (Gjakova, Deqan, Peja, Kamenice, Gjilan and Viti). The main incentive for growers to join such clubs was their perceived need to access professional advice on the management of their new orchards.

HPK facilitated the foundation of two apple associations in 2007 in the municipalities of Viti and Deqan while growers with new orchards in Gjilan Municipality were encouraged to join the existing Frutti association that the Project was intending to support.

Apple clubs

Three further apple associations were formed in 2008 in the municipalities of Peja, Gjakova and Kamenica – while an already established top-fruit association in Malesheve was provided support following its request. (A list of the apple clubs and other associations with which the Project is collaborating along with a brief summary of each is presented in Annex III.)

Clubs were encouraged to identify their objectives and specify the activities that they wanted to achieve during the year and assisted to establish an annual plan of operation.

The role of the Project has been to encourage collaboration between actors in order that they could promote more successfully their common interests. The Project Officer has been involved in encouraging the formation of the group, its registration as an association, the

development of leadership, organisation and skills, to promote an identification of their most important common interests – and to plan and subsequently implement joint activities.

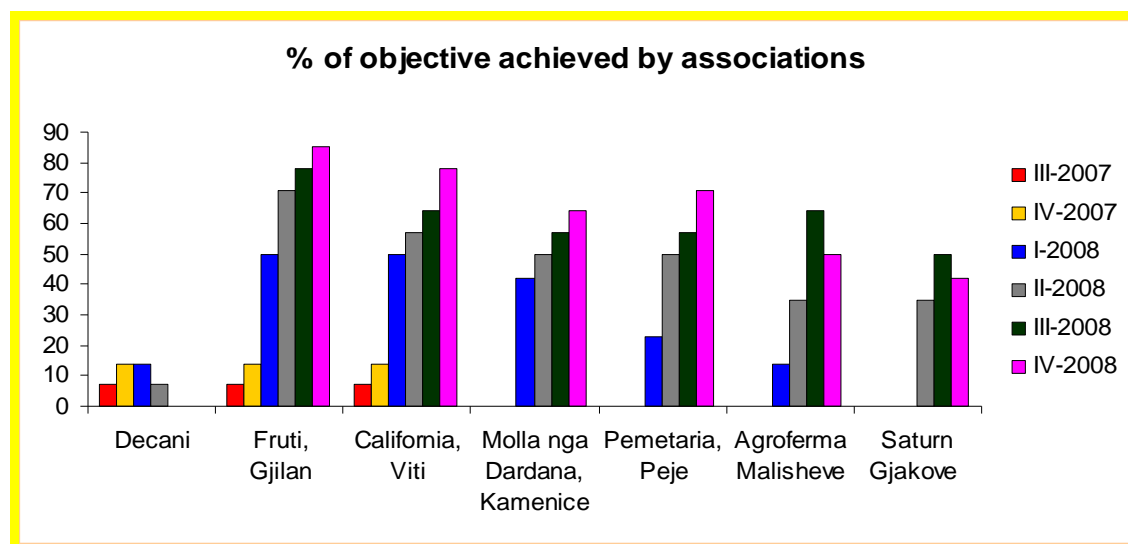
A review of group performance over the last 18 months utilised the following criteria largely based on their initial ideas: registration of the association, regular payment of membership fees, the holding of regular monthly meetings, planning activities, jointly purchasing inputs, co-financing the payment of an adviser, establishing and following administrative procedures, undergoing training in pruning, plant protection, irrigation, fertilisation, harvest techniques, joint use of machines. Based on these criteria and since the start of their collaboration with the Project, four associations have made solid progress and have already met over 60% of the criteria (see histogram).

The most important activity was the selection by each association of a service provider (SP) to guide its members on the management of their orchards with the association bearing 25% of the cost in the first year. All associations have selected their SPs (except for Gjakova that did not see the need since it already had 5 agronomists amongst its members). Four SPs were utilised by five associations for training and crop and utilised a total of 85 days. The training has covered pruning, plant protection, irrigation, fertilisation harvest and post harvest.



Training session in Malisheva

Attempts have been made by some of the associations to jointly purchase inputs such as pesticide– but with mixed results so far. The “Fruti” association from Gjilani organized the purchase of inputs at a reduced price.



Support to the Deqani Association has been suspended since they were not able to organize themselves sufficiently and could not agree on the selection of board members.

The “Fruti” association from Gjilan achieved the best progress - sharing machinery, undertaking exchange visits to the other apple clubs, increasing its membership fee and preparing a project proposal for donor support. The association selected one member - Blerim Shefkiu – to be the benefit from matching grant support from the Project to establish a cool store for apples.

The “California” association from Viti also appears to be on the way to success - working together with the adviser for 20 working days, exchange visits to other apple clubs, sharing a motor sprayer, and have also prepared a project proposal for donor support. The association also selected one of its members for co-financing of an apple store.

The “Pemetaria” association from Peja achieved success in hiring out a motor sprayer to other producers.

Study tours

Four regional study tours were organized for 8 tree fruit associations-apple clubs (Gjilan, Viti, Kamenice, Peje, Gjakove, Malisheve, “UVB” association from Peje and “Pema” association from Kovraga, Istog). The first one was in Macedonia (March) and three others in Albania (May, June and October). An average of 10 growers (three members per association) participated each of time along with representation from the Ministry and the Project. The participants considered the study tours successful since they provided a chance to share experiences and information from other growers on orchard management, different forms of organization (including federations) and different experiences with advisers. The power of a federation was seen in the common marketing approach with vegetable producers in Lushnje, Albania.

Exchange visit

An exchange visit to Peja “UVB” association and Istog “Pema” association was organized for three of the apple clubs (Gjilani, Viti and Deçani) in February with 15 growers participating. The purpose was to exchange information and experiences between associations and to create a link for future collaboration.

Review of the component ⁹

Ms Annet Witteveen, Head of the Agriculture Team at IC Head Office, was invited to review the component. Her mission, that took place in December, had as its purpose ‘to review the objectives, strategies and implementation of HPK’s ‘Promotion of Interest Groups’ component as an integrated part of the objectives and strategies of the project and to provide guidance for the component’s further development in the context of the situation in Kosovo’.

She found that the associations supported by the Project valued its interventions and recognised that it had helped increase the collaboration between them. Her principle recommendations were:

- Develop greater clarity on the areas of support that could be provided to associations, specifically under three headings: (i) organisational strengthening, (ii) innovation and technical services, and (iii) business development services;
- Greater involvement of the AgriBusiness team of HPK in providing services to associations;

⁹ A summary of the consultant’s report can be found in the accompanying document ‘*HPK – Summaries of consultants’ reports 2008*’

- Additional human resources to be committed by the Project in order to reach out to more groups;
- Implement visioning exercises with the groups prior to priority setting and planning;
- HPK to develop a vision of the sector – including private service provision – and develop suitable mechanisms accordingly.

Prospects

The Project has built up considerable experience in the last 18 months in the promotion of collaboration between actors. It is now the time to work with potential groups in different sub-sectors such as greenhouses, watermelon – and in the support for groups keen to initiate common marketing. The amount of staff time that needs to be allocated to existing groups is expected to progressively diminish as they build up experience and confidence. Nevertheless, additional human resources will be required to expand the component to cover an increasing number of groups.

2.2 Knowledge sharing

Summary

The Project continues with training, contracting and providing on-the-job experience to 19 agronomists who are acting part-time as advisers to producers. The intention is to progressively encourage the willingness of farmers to pay for such services. Five apple clubs are currently funding 25% of such services.

The production of a new series of extension bulletins was started with 2 bulletins being produced during the year.

Background

Access to knowledge and information is one of the key elements needed for the development of the horticulture sector in Kosovo. The low level of knowledge of apple production, for instance, that was evident during the scaling up of apple orchards in 2006 was surprising in an area that had been a major apple producer and exporter not so many years ago. This low level of understanding was the initial reason why the apple scaling up was not repeated in 2007. The Project is following two main avenues to promote this access – the development of a cadre of commercial advisors and the publication of extension bulletins.

Service Provision

The Project continues with training, contracting and providing on-the-job experience to a number of agronomists who are acting part-time as advisers to producers (see table below). They have also been assisting the Project in scaling-up activities – particularly regarding top and soft fruit.

The intention is to progressively encourage the willingness of farmers to pay for such services so that the provision of advice could offer agronomists full-time occupations. A start has been made on this aspect by making contracts with fruit producers' associations to engage such advisers with the associations and the Project sharing the cost 25/75%. The Project has informed the associations that it would progressively reduce the level of its contribution. Such arrangements are currently being operated with five associations (see also 2.1).

Commercial advisers currently supported by the Project	
Watermelon production	1
Apple and plum production	8
Soft fruit production	6
Greenhouse production	1
Integrated production & record keeping (piloting)	1
Worm compost	1
Interest groups	1
Total	19

Production of extension materials

A strategy on extension material was developed in 2007 and will target two groups of clients – (i) producers and (ii) service providers and municipal & ministry staff – with the documentation for the second group being more detailed. Specialists will be contracted to provide the content.

The brochures targeted at producers will be typically of 20 pp in A5 format and would be distributed free. The first of the series – 'Apple Post Harvest' and 'Fire Blight' were published in May and November in 1,000 copies each. While contracts for others such as 'Carrot and Onion Post-harvest', Lettuce, Cabagle and Carrot Production have been established.

The distribution of the brochures is based on developed list of institutions for receiving the extension materials; this was followed by many related activities undertaken including training, field days, workshops and exposure visits. The technical guidelines on plant protection and other series will be developed in 2009; meanwhile the relevance of the materials prepared will be monitored.

TV educational series: The production of educational programmes on horticultural production was reviewed and it was decided to be postponed at least until next year due to lack of time.



2.3 Business planning

Summary

The Project is placing more emphasis on the economic analysis of activities along the value chain. Numerous gross margins of the production of different crops in both the open field and in greenhouses, storage and marketing of processed goods have been established and used to guide clients and the deliberations of the Strategic Planning working groups.

A major impediment to the production of the gross margins has been the lack of reliable data and the general absence of record keeping by actors. A pilot promotion of record keeping amongst 10 farmers covering tomatoes, peppers and strawberries has been generally well accepted.

Some of the data generated has been fed into an economic comparison of the production in polytunnels and mid-level greenhouses.

Gross margins

The Project developed gross margins for different horticultural crops as a useful tool for analysing horticulture enterprises. Gross margins were developed for tomato, lettuce, cucumber and pepper and utilised in the study on competitiveness of greenhouses by Astrit Balliu. The data from the study will be used for development of the computer business plans for greenhouse vegetable production.

The gross margins developed for the tomato crop were used for the economic comparison of two different greenhouse types: Low-Level Technology and Mid-Level Technology. The Gross Revenue Calculations on the area of 1,000 square metres were calculated by comparing technologies with different cultivation methods.

The economics of the running costs for apple stores were assessed. It was shown to be a profitable practice that benefited from the higher off-season prices (see 1.5). The storage record-keeping introduced to the owners were collected and analysed. A further economic assessment on apple, carrot and onion storing will be conducted and a report on these analyses will be developed in 2009.

A business model and a business plan for a wholesale business for women's processed products were each contracted out to a separate consultant. It was considered that the business plan prepared by the local consultant was inappropriately complex for the small enterprises that the Project was likely to help establish. A simpler, more appropriate version was, therefore, developed for the wholesale business by the project (see 2.6).

Record Keeping

Fruit and vegetable farmers in Kosovo are not used to keeping organized records of their activity. This situation was noticed from the start of the project's exercise to introduce appropriate forms for such a purpose and assist farmers in being more organized with farm record keeping. The unwillingness or inability of Kosovo farmers to keep records of their own operations will increasingly limit their own possibilities and well as frustrate efforts of outsiders (such as the Ministry and the Project) to understand the situation within which they operate.

In an attempt to improve such record keeping, HPK developed simple record keeping forms for tomatoes, strawberries and peppers. Ten farmers were chosen (representing between them different levels of technology) and visited in a pilot initiative to assist them in improving their record keeping practices. It was hoped that this exercise would produce reliable data that could be used to develop more accurate gross margins.

Generally the initiative was well-accepted by the farmers during the regular visits; the only concern noticed was skepticism from the farmers that the purpose of the record keeping practices might be taxation.

The activities have been concluded for this year as regards strawberry production and those for tomatoes almost completed. An adaptation has been made of the previously established IP record keeping forms for indoor tomato farmers in order to harmonize the two approaches.

This exercise's achievement was that most of the farmers who got assistance in record keeping this year are now able to keep records on their own. The project can now use records coming directly from farmers to analyze their activity on the technical and economical aspects (such as in the case of the Greenhouse Assessment). Some of the farmers have already asked for record keeping forms in order to use them for their next production year. The exercise was positive because having had a practical application of the record keeping forms the project was able to improve the defects of the form. New forms have been delivered by the project in these cases when farmers showed initiative to continue record keeping on their own for next year. In order to delegate some of the activities of record keeping assistance to service providers working in specific areas, some progress was achieved in delegating such work for next year to the Mamusha and Neperbisht service provider.

GH assessment

The lack of readily available economical data for greenhouse vegetable production from farmers, institutions or other organizations has affected the time needed to acquire reliable



The two greenhouse technologies compared in the Assessment

data. The data collected directly from farmers were used for a comparison between different greenhouse structure technologies as well as cultivation methods. Comparisons were organized in three sets of gross margins; each set representing two greenhouse structure technologies with a difference in cultivation methods for each set. The final report was completed in October. The challenge faced during the preparation of the greenhouse assessment was (to begin with)

lack of data, and later on it was difficult to obtain or collect reliable data.

Achievements of this activity include a better economical understanding of vegetable production under greenhouses of different technology, and an improved gross margin format developed to be used in the future as the standard format by the project.

Under conclusions of the assessment, the first main one is that there is a need to improve cultivation methods to achieve a good profit. Yields and net profits are much better on the mid-level greenhouse technology. Return on investment takes considerably longer time for mid-level greenhouses at the construction costs during the time of the comparison. Steel prices increased considerably at the time when the report was prepared and contributed largely to the costs of the mid-level greenhouse. A steel cost analysis showed that a

considerable expected decrease in steel costs could significantly impact on the return on investment period. As a recommendation for the greenhouse manufacturers: they should explore the possibility of constructing of mid-level type greenhouse by using materials other than steel (which means hybrid structures) to reduce costs of production and be able to offer the farmer an acceptable greenhouse price. The report is very useful for the project's discussions with the greenhouse manufacturers.

The full report on the Greenhouse Assessment will be available soon at the HPK website.

Strategic Planning

Economical calculations have been realized with the collaboration of the Strategic Planning working groups for a number of crops. The calculations were needed to identify the most profitable crops for the farming family.

2.4 Market intelligence

Summary

The Project continued its weekly monitoring of fruit and vegetable prices in the Pristina wholesale market as well as its analysis of imports and exports collected by Kosovo Customs. It carried out a market penetration study of locally-produced strawberries for the second year running and produced new, and updated existing, crop market profiles.

Price monitoring

HPK continues with weekly price monitoring of the wholesale and retail prices of fresh fruit and vegetables from the Pristina wholesale market. The weekly report is published regularly on the project website.

The comprehensive yearly report of wholesale and retail prices including the main highlights for 2007 was published in January 2008 and also placed on the website. The corresponding report for 2008 will be issued in February 2009.

An interactive data base in Access that includes all the price data since 2002 was prepared and is expected to be launched on Project web page. In 2009, the project will evaluate possibility of delegating the collection of price data to a local service provider.

International trade in fresh fruit and vegetables

HPK continued to analyse and published data regarding the import and export of some temperate fresh fruit and vegetables which could be technically grown in Kosovo for 2007. Data are received directly from the UNMIK Customs. The 2007 report also compares data of the products analyses with that of 2006 and has been placed on the website. The 2008 report is planned to be produced in collaboration with the Kosovo Chamber of Commerce.

The analysis of 2007 indicates that approximately 75,000 tonnes of temperate fresh fruits and vegetables¹⁰ were imported into Kosovo in 2007 with a declared value of €16,9 million. Import of fresh temperate fruits represented 50.09% of the total volume by weight and 38.5% of the total declared value. The import of fresh temperate vegetables represented 49.91% of the total volume by weight and 61.5% of the total declared value.

The report gives useful information such as:

- The import of temperate fruit increased by 1.3% compared to 2006 while the import of vegetables decreased by 11.7%.

¹⁰ Fresh fruits and vegetables which could be grown in Kosovo

- 3,820 tonnes¹¹ of fresh fruits and vegetables were exported with a declared value of €498,474. Vegetables represented more than 93% of the total in terms of weight and value.
- The export of fresh fruits fell by 33% over 2006 while that of vegetables increased by 56.7%.
- Watermelon and apples were the two most imported fruits in 2007 in terms of weight with watermelon representing 54.9% and apples 26.4%.
- The five most important vegetable imports in order of importance by weight were tomatoes at 42.5%, peppers 16.9%, cabbage 16.8%, cucumbers 12% and onions 6.6%.
- The most exported fruit was grape with 95% of total export by weight. The main exported vegetables were cabbages at 27%, tomatoes 25%, onions 24% and peppers 20%.
- The main countries exporting fresh temperate fruit to Kosovo are Macedonia with 62% and Albania with 20% by weight – while Turkey and Macedonia accounted for more than 80% of total imports of fresh temperate vegetables.
- The main importing country of fresh temperate fruits from Kosovo by weight was Montenegro with 98% while, for vegetables Montenegro accounted 49%, Bulgaria 16%, Albania 16% and Serbia 11%.
- The analysis shown in this report import gives strong signal as to the importance of the peppers and cabbages - two crops which will be subject of further analyses of their value chain by the Project.

Penetration of local market for locally-produced products

A quick market survey on the penetration of locally produced strawberries on the Pristina wholesale market was conducted in the third week of June. Five traders from the Pristina wholesale market – the main dealers of strawberries during the main strawberry season (May –June). According to the analysed data, 80% of total market share of strawberries originated from the local sources – up from 41% in 2007.

Crop market profiles

Two market profiles – pepper and cabbage - were issued, while the existing crop profiles were updated. This type of document contains valuable information (e.g. size of market, local production, import by month and source of origin, product differentiation and marketing channels) related to the particular crop. The structure and information from the market profiles from these crops was used by the strategic working groups of MAFRD.

2.5 Financial services

Summary

The Project continued to encourage the two main banks – Raiffeisen and Procredit - to participate in open days and other events. The Computer Programme on Gross Margins was presented to 6 commercial banks at Kosovo Bankers Association in June.

2008

The Project continued to encourage the two main banks – Raiffeisen and Procredit - to participate in open days and other events organised by the Project or its clients. Their

¹¹ Some of the produce must be re-exports since they were occurring during periods when it is impossible to produce locally.

participation increases their understanding of different agriculture activities and financial needs and provides them the opportunity to interest additional clients. Furthermore, the project visited two new established banks TEB and Bana Kombetare Tregetare for the purpose of establishing contacts for possible future collaboration in horticulture sector.

The Computer Programme on Gross Margins was presented to 6 commercial banks at Kosovo Bankers Association in June. The programme presented will allow credit officers and business advisers to develop tailor-made credit plans for horticultural investments for individual producers based on the latest technical and market information. Some of the banks expressed considerable interest in the programme's potential and will provide more considered feedback later. The further development of the programme (it presently covers only apples, while that for greenhouses is in process), its constant up-dating with the latest prices and technical elements – along with the financing of such work and the ownership of the product – need to be discussed further with the banks.

2.6 Other businesses and business development services

Summary

The Project co-financed a number of investments that showed considerable potential for leveraging developments with other actors in their respective value chains. These investments included two tractor-mounted implements for overcoming labour bottlenecks that were restricting the expansion of cultivation, the establishment of the first manufacture in Kosovo of quality greenhouses and of seedling growth rooms as well as an enterprise marketing women's processed food products.

Machinery services

Mulch and pipe layer for watermelon

An analysis of the watermelon value chain indicated that expansion of production was likely to be limited because of the severe labour bottleneck during crop establishment. Land preparation, laying drip irrigation lines and plastic mulch, transplanting seedlings and erection of low poly-tunnels all had to be carried out within a short period of time. The Project consequently imported from Italy a tractor-mounted machine for laying plastic mulch and drip lines and provided it to the cooperative "Agrobiznesi" of Radoste, Rahovec. The cooperative was selected on the basis of its commitment to introducing new technology.



Promotion of machine for laying plastic mulch at Radoste cooperative

Cooperative members were excited about the performance of the machine and planted over 30 ha – with one of the members, Hamdi Kastrati, increasing his area under watermelon from 2 ha in 2007 to 15 ha.

The Cooperative is obliged to repay 75 % of the cost of the machine (€ 3.800) through a return component in the form of the provision of the machine to farmers outside the

cooperative at a subsidised rate. They started the return component with services to farmers of Rahovec and Gjakova municipalities. The machine was also meant to be used for new plantations of strawberries in the autumn – an intention that was frustrated over a misunderstanding of who would pay for the plastic sheet.

It is hoped that the introduction of such equipment to Kosovo will overcome the major labour bottleneck of planting watermelons leading to an expansion of the cultivated area, more competitive production and a substitution of imports that amounted to 20,683 tons worth €1.8M in 2007.

Onion pneumatic seeder

The pneumatic seeder, introduced by the project in 2006, to machinery service provider, was demanded widely by onion growers – over 48 ha were sown 2008 compared to 17 ha in 2007. To promote the machine the project subsidised the services by 33% (services were paid at €100 while market price was € 150) utilising the return component that the machinery provider has to repay to the project.

The machinery provider couldn't meet the demand for service, mainly due to short time of the sowing of onions (end of March and beginning of April) and to the obligation that he had accepted at the request of the Project to give emphasis on demonstrating the machine in as many municipalities as possible – regardless of distance. So, the project imported another machine to co-finance with interested person from regions north Prishtina (Vushtrri, Mitrovica and Obiliq regions). The invitations for expressions of interest were placed in a local paper and the selection process will start in January.

Onion set planter

An onion set planter imported and provided by the Project in 2006 to a grower in Rahovec against a return component has proved a success. Since that time over 30 machines have been imported into Kosovo without any further project intervention.

Greenhouse manufacturing enterprise

The greenhouse manufacturing business that was established in February 2008 with the financial support of the project (by pre-financing the purchase machines and raw material at €15.000 and DST has to return to project in form of the return component amount of €12.500 in kind) is operating more than satisfactorily. The quality of the construction is widely recognised and the owner sold and erected 9 greenhouses covering a total of 0.42 in 2008. Even though interest in the greenhouses was high, their sale in the second semester was low because of the doubling of the price within a few months of galvanized steel that represents about half the cost of production. At the beginning of 2008 the greenhouses were selling at 13.5 €/m² but increased to 21€/m² by the autumn – making them financially unattractive. The price of steel has since dropped by 20%. "DST" is in the process of designing a hybrid model which would be cheaper than the existing model. An open day was held at the farm of the first client with 150 participants (see section 1.4).

Growth rooms

After the successful introduction of imported growth rooms to two vegetable nurseries in Ferizaj and Mitrovica (together producing 420.000 seedlings in the year) the Project supported the manufacture for the first time of growth rooms in Kosovo. Kosovo companies were invited through advertisement in a local newspaper to express their interest. The Company "Eling" from Gjilan was selected out of the three companies applying, offering a slightly more advanced product and at price € 5.500 each. At the same time, the project invited expressions of interest in the local newspapers for interested nurseries to co-finance the purchase of these growth rooms. Out of four applicants, the project selected three

nurseries from three municipalities - Rahovec, Suhareka and Gjakova, based on their background in seedling production, production potential and potential of region where they are based to purchase improved seedlings. The growth rooms were erected and tested by the company "Eling".

Establishing a wholesale distribution enterprise for women's products

Background

Domestic processing of food products has been identified as an important activity for women. It seems, however, that while women are interested in increasing production they were constrained by problems of accessing the market. A feasibility study on the establishment of a wholesale enterprise for women's processed food products was commissioned in August 2007 while a business plan was subsequently commissioned in November 2007. The Project placed invitations for expressions of interest in the daily press in October 2007 for individuals who would be interested in establishing an enterprise that specialised in the wholesale marketing of women's processed food products¹². Out of four applicants, Mrs. Ola Sylja, who had been involved with the direct retail marketing for the Drite e Krusha association, was selected in late 2007.

2008

It was considered that the business plan prepared by the local consultant was inappropriately complex for the small enterprises that the Project was likely to help establish. A simpler, more appropriate version was, therefore, developed for the wholesale business.

A contract was signed in April with Mrs. Ola Sylja to assist in the establishment of the enterprise – and covers a two-year period. The investment over that period amounts to €24,000, of which the beneficiary invests 47%. The Project's investment covers training, exploration for clients and customers, equipment and a vehicle.



The centre opened on 25th of September 2008. The response from the suppliers (Prishtina Peja and Prizren) was satisfactory - 200 women from around 12 villages supplying 20T of pickles for 2008 season. Ola Enterprise is recognised as a business model that involves a number of rural women producers working towards a single economic objective. New women groups with the business potential were identified such as Serbian women's group in vegetable processing. Opportunities to commercialise their production will increase and access to the market will improve through implementation of activities identified by Ola for 2009.



Wholesale distribution enterprise for women's

¹² See Section 1.6 for more information.

2.7 Competitive Fund for Innovation

Summary

A new instrument to help promote competitiveness in the horticulture sector – the Competitive Fund for Innovation – was proposed to the donors in the last semester of 2008 and met with approval to start operation in the new year. Preparations were consequently expedited for a launching ceremony in January and the first round of applications in February 2009.

2008

The Project continued its reflection in 2008 on how to support the development of horticulture competitiveness. After internal discussions, it was decided to propose a new project instrument permitting horticultural actors to introduce new ideas and/or new ways to innovate in the sector. In October, the idea of a Competitive Fund for Innovation (CFI) was shared with the two project donors, through an internal concept note, in order to first receive their comments and secondly to get formal approval. Following this the preparatory steps were taken in order to produce, before the end of the year, all of the material required to promote the CFI. On December 31st, brochures, posters, logo, newspaper announcement templates, and a webpage were designed and printed in both Serbian and Albanian languages.

The CFI is a tool for the allocation of financial resources, through matching grants, destined for private enterprises and other actors in Kosovo which work directly or indirectly in the horticultural sector. It is managed by HPK and supervised through an external management committee.

The specific goals of CFI are:

- u Facilitating the technological development of all levels of the horticultural value chain;
- u Supporting access to domestic and international markets;
- u Supporting the development of new products which would have a positive effect on the demand of fresh horticultural products;
- u Encouraging the development of decision making tools such as Market Information Systems and business planning;
- u Facilitating the emergence of new viable businesses which offer services to stakeholders in the horticultural value chain;
- u Supporting the creation of sustainable associative structures which develop the horticultural profession and those who work throughout the levels of the chain.

Individuals, companies and groups who are interested in submitting a concept note to the CFI would be able to do so in the framework of the application rounds which will happen three times in 2009. The applications which are submitted should respond to precise criteria and should clearly show that they are in accordance with the goals of the CFI.

3. BUSINESS ENABLING ENVIRONMENT

3.1 Strategic Planning for Horticulture

Summary

The exercise to establish a Strategic Plan for the Horticulture Sector in Kosovo has been undertaken largely by the Ministry and HPK staff over the past two years – and a draft was due to be submitted to the Ministry in January 2009. Considerable investment was made in staff time and in financing studies and study tours. While there were certainly weaknesses in the process followed and in the data available, the Plan nevertheless represents the first methodical attempt to establish a detailed evidence-based plan for the sector. The Ministry appears to be enthusiastic to use the strategy, once approved, to guide its actions and investments.

Introduction

The Project's support to the Ministry of Agriculture to strengthen strategic planning capabilities amongst its staff and to establish a strategic plan for horticulture was one of the activities envisaged in the MoU signed between the two organisations in June 2006.

Work effectively started in March 2007 with the first of two missions of an international backstopper – Mr. Gerrit Holtland. Four working groups were established covering Fruit, Vegetables, Vines and Ornamentals/Medicinal and Aromatic Plants plus two support groups – Plant Protection and Statistics. It was planned that the membership of the working groups during the first stage covering a description of the existing situation would be limited to staff of the Ministry and of HPK – although the Vegetable WG benefited from the presence of Professor Skender Kaqiu of the University of Pristina while the Ornamental/MAP WG from Rexhep Limani of AgroCoop – a prominent ornamental input dealer.

Progress was very slow for various reasons including the lack of staff having strategic planning or economics backgrounds, the busy schedule of the staff of both organisations, the absence of an individual to coordinate the process and the normal difficulties of two quite different organisations trying to coordinate their activities. By the end of 2007 even the first quarter of the process – that of presenting the 'existing situation' - was far from being completed. A second backstopping mission took place in November 2007 and was used to simplify the approach in an attempt to speed the process up.

Overview of progress

The Project engaged an additional Project Officer in January 2008 on a one-year contract in order help coordinate and facilitate the strategic planning process and communication with the backstopper. Progress was still considered slow during the first mission in 2008 of the backstopper in June – especially as the Ministry wanted the first Strategic Plan to be ready by December 2008. A decision was consequently taken to put more emphasis on the production of the first Strategic Plan and, therefore, less on the objective of developing the capacities of MAFRD staff. It was agreed, in addition, that the backstopper would take the full responsibility of writing the draft of the strategic plan (but still based on the written and verbal presentations of the working groups) and to increase his missions during the year from the planned two to four. The four missions were undertaken in June, September, November and December.

In order to overcome to some extent the difficulty of staff in finding time for strategic planning activities, joint workshops each lasting around 3-days for each working group were organised outside Pristina (Tetova in May and Vermice in August and September).

The international backstopper submitted the first drafts for all four sectors and presented them during his mission in November to the individual working groups for fine tuning. Separate round tables were held over a four-day period in November during which the draft plans were presented to stakeholders for discussion and feedback. The pre-final draft was presented to the senior staff of the Ministry by the Director of DPPP in December. The final draft is expected from the backstopper at the beginning of January 2009. After being translated into Albanian, it will officially submitted to the Ministry for approval.

Study tours

Various study tours were organised for working groups in order to obtain information and benefit from the experience other countries.

A study tour was undertaken in March to Northern Italy by the Fruit and Viticulture working groups. The principal objective was to obtain guidance on the establishment of Administrative Instructions regarding the promotion of minimum standards of planting material production. The drafting of the instructions began immediately after the visit by participants and have subsequently been approved and signed into law.

The Fruit WG visited the Vlora Institute, Albania, in August to obtain information regarding the management of mother orchards that will be used to prepare the relevant administrative instructions.

The Viticulture WG visited Slovenia in September in order to obtain information regarding the viticulture sector in Slovenia including the legal framework, quality standards, mother vineyards and processing. Discussions were held with investors interested in establishing a new mother vineyard in Kosovo. The study tour was facilitated by the Kosovo outlet of Seminana – a Slovenian input dealer.

Studies

Numerous studies were undertaken to inform the strategic planning process, as follows:

- i) A survey of ornamental producers was designed by the Ornamental WG and carried out by a student from the Department of Agricultural Economics, University of Pristina;
- ii) An inventory of greenhouses in Kosovo by Professor Muje Gjonbalaj of the Agricultural Economics Department of the University of Pristina assisted by other faculty staff and students;
- iii) A survey of the greenhouse industry by Astrit Balliu and Skender Kaqiu;
- iv) A review of pepper production by Professor Skender Kaqiu;
- v) A review of cabbage production by Professor Skender Kaqiu.

Recommendations from the draft Strategic Plan¹³

Fruit: Potential for expanding top-fruit production by 560 ha using improved technology largely to substitute for imports – expansions also recommended for soft fruit. Improvement of the standard of nurseries as well as national programmes to combat infectious diseases is essential and requires active leadership by Government.

Vegetables: An additional area of 170 ha of greenhouses is required – mostly of mid-level technology – in order to substitute for imports – little potential export is envisaged. An

¹³ The summary of the draft Strategic Plan is to be found in an accompanying document – ‘HPK – Summaries of consultants’ reports 2008’.

intensification of field vegetables through improved technology is required to make production more competitive in order to both substitute for, and protect from greater, imports. Export potential is identified for peppers. An expansion of the area under field vegetables is not envisaged.

Viticulture: A substantial expansion in the cultivation of grapes (in the order of 750 ha) is envisaged to meet growing local demand and to substitute both for imports and for old and abandoned vineyards.

Ornamentals: The demand for both annual and perennial ornamentals is expected to grow very fast in the next five years. The profitability could be higher than that for greenhouse vegetable production but the support required is similar.

Access to capital: an argument is made for investment subsidies by government and donors in competitive technologies that are too expensive for resource-poor farmers. It is noted that the Government envisages the establishment of a Payment Agency. An estimated € 37M is calculated as necessary over the next five years with a result that additional income of €12M would be generated per annum along with the equivalent of 2,500 full-time jobs. Apple production would generate the best returns – both for income and employment, while grapes will provide good financial returns but not many jobs. Greenhouse production (both for vegetables and ornamentals) has good potential to create jobs – but financial returns to vegetables are low.

Access to knowledge and skills: is another priority – and much greater use of the private sector is proposed.

Access to the market: requires largely the continued initiative of the private sector – but the government has a key role to play in the promotion and enforcement of quality standards.

Remarks

The activities described above are important being the first methodical attempt to establish a strategic plan for the vital Horticulture Sector in Kosovo. The process suffered, however, from several weaknesses. Too much dependence was placed on in-line staff of the Ministry and HPK who already had other time-consuming activities and most of whom had little economics or strategic planning training or experience. Insufficient use was made of delegating studies to third parties while the intention to consult widely and frequently with other actors in the sector was not achieved – apart from a four-day consultation exercise near the end of the process. Maybe the greatest weakness of all was the general absence of agricultural and horticultural statistics in Kosovo – and the poor quality of data that does exist.

Nevertheless, a first (draft) strategic plan *has* been established and appears to have caught the imagination of the Ministry. It is reported that additional funds were provided to the Ministry for direct sector support in 2008 (and an increased amount is promised for 2009) in part because the Ministry was undertaking a strategic planning of the sector. In addition, the Ministry is organising itself to implement many of the recommendations of the Strategic Plan once it is approved.

3.2 Sector organisation

MOU with KCC

Contact was made with the Kosovo Chamber of Commerce (KCC) with the view to explore collaboration. Among those issues of interest to both parties were (i) the promotion of collaboration between actors in the sector, (ii) the production of a horticultural directory, (iii) promoting the emergence of one predominant agricultural fair in Kosovo and (iv) handing over to KCC the analysis of trade data. An MOU was signed with KCC on September. Joint activities are expected to be implemented in 2009. (See also 1.87)

3.3 Institutional support and strengthening

This new component was added in 2008 with the intension of working on a more formal basis with organisations such as the University of Pristina – many whose staff had been involved extensively with the Project – but in an individual capacity.

A number of discussions were held with the Dean of the Faculty of Agriculture of the University of Pristina on formalising collaboration between the two organisations. A draft MoU has been agreed upon by the two parties and allowed for the financing of staff to attend conferences and offered students greater access to the field and support for the preparation of their theses. Moreover, the possibility was raised for small investments in documentation and equipment. The MoU, however, has since been awaiting signature by the Vice Chancellor of the University. Meanwhile one aspect of the proposed MoU - the increased interaction between Faculty staff & students and the Project - has been put into effect informally and has concerned the inventory of greenhouses in Kosovo. A change in the internal procedures of the University is expected early in 2009 that will allow the Dean of the Faculty to sign and manage such an MoU.

Similar collaboration was envisaged with the Institute of Agriculture in Peja – especially in relation to the combating of Fire Blight. No action, however, has been taken during the year since action on a national programme to combat Fire Blight is still to be initiated by the Ministry.



Study tour in Albania with MSc. students

4. GENDER AND MINORITIES

While HPK is neither a gender nor a minorities' project, it does have an objective and a strategy related to these two issues that were established in 2005. These strategies are implemented across its components when compatible with the Project's overall strategy.

The **gender and minority objective** is that *farming businesses benefit from practical and strategic changes in gender and minority relations* – while the **strategy** is considered as *providing opportunities for practical and strategic changes in gender relations within farming families and minorities within the community*.

In practice the gender objective and strategy on a non-gender project is similar to that of WID (Women in Development) in that practical gender changes cover improvements in the efficiency or ease of horticultural operations – such as the introduction of labour-saving techniques or strawberry processing. Examples of strategic gender changes include enhancing the woman's role through her earning her own income (access to the market for her processed food products) or improving her status within, and outside, the family (developing skills in record keeping and financial management for the family enterprise and having opportunities to travel and speak in public meetings).

Practical changes for minorities are sought by ensuring that minorities are involved in opportunities offered by the Project (training, study tours, scaling up, investments) while strategic changes through study tours, participation in round tables, access to marketing.

Examples of the implementation of the gender and minorities' strategy on the Project are presented in the following table:

Examples implementation of gender and minorities' strategy				
	Component and activity	Detail	Pt ¹⁴	St ¹⁵
Gender				
	Processing – training in jam making	50 women trained since 2006	X	
	Processing – training in jam making without project's contribution	10 women trained in 2007 independently by Shkurte Rustem ¹⁶		X
	Processing – improving access to market	200 women benefiting from wholesale marketing (2008)		X
	Worm composting	2 women involved in worm composting production	X	
Minorities				
	Top fruit – apple scaling up 2006	2 out of 84 orchards owned by minorities	X	
	Soft fruit – raspberry scaling up	Attempted introduction to mixed Serb-Albanian association – but largely failed (2007)	X	
	Soft fruit – raspberry	4 Serbian families	X	
	Processing - improving access to market	15 Serbian women involved		X
	Processing vegetables – par boiler for carrot	20 members of Dobertin Cooperative	X	
	Integrated production – training in tomatoes	9 Turkish (Mamusha) involved out of 20	X	
	Worm composting	2 Serbian families involved out of 17	X	

¹⁴ Practical change

¹⁵ Strategic change

¹⁶ Processor –trained by Swiss Expert

5. ORGANISATIONS

5.1 Ministry of Agriculture, Forestry and Rural Development

Professor Syle Sylanaj – a pomologist from the University of Pristina - was appointed Deputy Minister of Agriculture in the Government in January.

The position of Director of the Department of Production and Plant Protection – the main contact point between the Ministry and the Project remained vacant for a period of 5 months until the appointment of Mr. Isuf Cikaqi in at the end of March 2008.

The Ministry presented seven proposals in June to SDC for matching grants in connection with the upcoming Donors' Conference on assistance to the newly independent state. Two that were particularly relevant concerned funding to leverage farmers' investment in expanding the area under greenhouses and fruit orchards and soft fruit plantations. Comments on the proposals were provided by HPK on the request of both the Ministry and SDC.

Issues regarding support to the Ministry regarding Strategic Planning, Integrated Production, combating Fire Blight and the One-Fair Strategy have been detailed in the relevant sections of this report.

5.2 SDC and MFA-D

The first Steering Committee Meeting of HPK was held on 22 February with the new members comprised Jørgen Andersen, Adviser, Ministry of Foreign Affairs, Denmark, Prof. Syle Sylanaj, Deputy Minister, MAFRD, Ejup Qerimi, General Secretary, KCC and Rexhep Limani, horticultural input dealer. The meeting approved the annual report 2007 and the yearly plan of operation 2008. An inauguration ceremony followed presided over by the Minister of Agriculture and attended by 50 participants.

The second Steering Committee Meeting of HPK was held on 12 September with the participation of Jørgen Andersen, Adviser, Ministry of Foreign Affairs, Denmark, Prof. Syle Sylanaj, Deputy Minister, MAFRD, Parim Bajrami, officer responsible for agriculture, KCC and Skender Kaciu, University of Prishtina, and special guests were Kurt Nielsen, MEST-Danish VET project, Lionel Giron, desk officer at IC HO, and Sylvain Roy, the HPK international agri-business adviser. The meeting approved the Half Yearly report 2008.

In June HPK presented its activities to Denis Bugnard, the new SDC Desk Officer for Kosovo, in a meeting attended by Alfred Fritschi – Deputy Head of the Balkans Region. In addition, it organised a one-day field visit for Guido Beltrani who replaced Mirko Manzoni as Deputy Director of SCO in September.

5.3 Other organisations

Albinspekt: a certification body from Tirana undertook two missions to provide training for sustainable collection and to introduce the topic of the certification of collected Medicinal and Aromatic Plants to operators and collectors. This has led to two operators signing up for a certification of their products. The third mission focused on pre-inspection of the operators – preparation phase for the certification - however, both operators failed to complete the improvements in their infrastructure and documentation in time for certification for 2008.

CABI Europe: undertook six missions in support of the Integrated Production (IP) component – five related to the on-going promotion of IP of indoor tomatoes while the sixth was

dedicated to making a start on the IP of apples. CABI also further collaborated with the Ministry on 'Rational Pesticide Use' – under funding from SDC separate from that provided for HPK. A study tour to Switzerland was organized for five MAFRD officials and a HPK staff to introduce the various elements involved in the national promotion of the production of safer food products.

CARE: The fruitful collaboration with CARE's 'Regional Economic Growth for Stabilisation Project' that had involved the inventurisation of MAP species in SE Kosovo, links between MAP collectors and an operator and the sharing of experiences with indoor strawberry production will draw to a close with the termination of the project in August 2008.

GTZ: Collaboration continued with GTZ in the MAP sector with HPK having access to an expert brought in by GTZ as well as HPK's clients benefiting from visits to MAP fairs in Germany in order to build links with German traders.

Kosovo Chamber of Commerce: A number of discussions were held with the Secretary General of KCC on collaboration between the two organisations. Subsequently an MoU was signed.

Kosovo Cluster Business Support Project: In addition to the frequent exchange of information regarding the sector, time was spent on finalising the last administrative details of funding for infrastructure provided by KCBS to project-supported top-fruit nurseries. KCBS terminated in September. USAID started a new project called the Kosovo Private Enterprise Programme (KPEP).

MESTDAN: Collaboration is currently being discussed with this Danish sister project of HPK on various aspects including support for curriculum development for agricultural schools as well as exposure for the students to the field.

LOGOS: the Swiss Local Governance Support Project – also implemented by Intercooperation and sharing the same offices as HPK. Appropriate training sessions will be shared, and synergies sought in the municipalities in which both projects are working.

Mercy Corps: Verbal agreement has been reached with Mercy Corps to associate with it in its intention to fund a cool store in Mamusha.

SIPPO (the Swiss Import Promotion Programme) contact was made in the second semester during a commercial mission in Switzerland and discussions held on future collaboration. SIPPO will sponsor the participation of a client company of the Project (APC) to the Fruit Logistica fair in Germany in 2009.

Swiss Contact: Collaboration continues with Swiss Contact in its 'Greenhouse as a Business' VET component.

University of Pristina: An MoU was drafted to formalise collaboration but awaits signature (see 3.3).

6. STAFF AND PROJECT ORGANISATION

Recruitment of staff

The new funding from the Danish Government allowed for the engagement of three additional national programme staff. Mr. Basri Pulaj had already been engaged in October 2007 in anticipation and is responsible for the Integrated Production component. The second addition was Ms. Luljeta Krasniqi, a livestock specialist who had worked for KTA, and who joined the team at the beginning of January in the position of Project Officer for Strategic Planning. Ms. Krasniqi completed her one year contract at the end of December. The third and final addition was Mr. Edvin Kotherja who was recruited to the post of Project Officer, Agri-business, and joined on 1 March.

The Danish funding also allowed for the recruitment of an international agribusiness adviser on a two-year contract. Mr. Johann Krebs, an American, joined the team on 21st January to fill this post but resigned the following month. His position was filled by Mr. Sylvain Roy, a Canadian, who joined on 23 June after having completed a 2-week consultancy for the Project in May.

Ms. Mimoza Musa joined on 30 June as Accountant on a 50% post and is shared with Intercooperation's other project in Kosovo - LOGOS. She replaced Mr. Xhevat Murati who left in April.

The list of project staff is presented in Annex II.

Training

Two staff members – Faton Nagavci and Luan Hoti – undertook and completed a course on business management provided by European Business Competence Licence and American University of Pristina. Ismet Babaj continues his M.Sc. in Vegetable Production of the University of Pristina. Nine members of the HPK staff continue 2 hours of English training per week.

Website

A new, and more informative, HPK website was launched in English, Albanian & Serbian to reflect the welcome addition of funding from the Danish Government.

ANNEXES

I. ACTIVITIES FOR 2008-09

II. PUBLICATIONS IN 2008

III. INTEREST GROUPS SUPPORTED BY HPK

IV. ELECTRONIC MEDIA COVERAGE OF HPK

V. HPK STAFF - 2008

ANNEX I - ACTIVITIES FOR 2008-09

Outcome 1: Production, processing and marketing of horticultural produce is improved and responds to the needs of the market

1.1 Existing pilot value chains are efficiently functioning and expanding. Where promising, the development of value chains of other horticultural produce is promoted by selective interventions with potential high leverage effect

- i) Consolidation & assisted scaling up of the carrot and onion value chain in Rahovec and Podujevo sites through the introduction of new varieties and technologies
- ii) Promotion of technologies (e.g. grafted watermelon by specialized nurseries) for early production of watermelon
- iii) Testing and promotion of indoor strawberry production on raised beds
- iv) Raspberries & blackberries in Serbian areas
- v) The establishment of pear and cherry intensive and semi-intensive orchards
- vi) Continued assisted scaling-up of plums in municipalities with the biggest potential

1.2 Nurseries that are offering high-quality products are established and are operating as profitable self-financed units.

- i) Follow up measures to preserve local fruit varieties
- ii) Facilitation of the formation and development of a nursery association and its organisation skills, its recognition by government and other organisations and its participation in strategic planning at the national level
- iii) Facilitation of linkages with international nursery associations and groups
- iv) Facilitation of the negotiation of plant breeders' rights and assistance in organising the respect of such agreements
- v) Support for the improvement in standards of technical practice - and introduction and application of the EU's EPPO standards
- vi) Study tours will be organised for soft ant top fruit nurseries
- vii) Support for blueberry propagation; maintenance of propagation stock; propagation through tissue culture (in collaboration with the Institute of Agriculture in Peja)
- viii) Strengthening of business, marketing and promotional skills - and interactions with other actors
- ix) Regional and local promotion activities for nurseries through fairs, workshops, events, visits
- x) Collaboration with the Government in the establishment and effective implementation of phyto-sanitary and quality controls on the import and sale of planting materials

1.3 Input supply that responds to the needs of the horticultural agribusiness sector is established and secured

- i) Horticultural input sector study (2008)
- ii) Supporting the strengthening of collaboration amongst the input dealers –for common interest, representation to Government, establishment of trade directory, promotion)
- iii) Study tours for input dealers
- iv) Consider supporting MAFRD to establish a certification scheme
- v) Facilitating linkages between local dealers and regional representatives of international companies
- vi) Promoting accessibility of specific inputs through collaboration between dealers and producers and promoting quality of inputs and transparency
- vii) Introduction of new inputs (eg different fertiliser formulations)
- viii) Improving the availability and quality of embedded services through input dealers including the training of their staff in horticulture

1.4 The Greenhouse Industry is starting to compete with the more mature industries in neighbouring countries

- i) Identification of the potential of the Greenhouse industry in Kosovo
- ii) Support to the development of a national strategy to realise this potential
Planning & implementation of actions identified in the strategy – such as:
- iii) Facilitating collaboration between actors for the development of the industry
- iv) Exposure of actors to comparable locations but where the greenhouse industry is more advanced
- v) Promoting growth room technology
- vi) Promoting improvements in: techniques, materials and equipment, market exploration and marketing, and business planning and execution
- vii) Exploring the feasibility of the manufacture of greenhouse structures and equipment in Kosovo and, if appropriate, promoting such changes
- viii) Promoting the development of related business development services – including technical and business advice and credit.
- ix) Implementing a feasibility study for the medium-term establishment of a cluster of greenhouse production units and preparing a financial proposal for appropriate investors

1.5 Improved post-harvest practices are introduced

- i) Participatory market assessment for improved post-harvest techniques - the project will develop a methodology and train local service providers in providing that type of service
- ii) Development of business planning and facilitation of linkages with potential financial partners (banks, traders, supermarkets, etc.)
- iii) Promotion of grading and packaging of horticultural products with producers and traders
- iv) Assess the profitability of on-farm storage facilities for carrots, onions and apples on a pilot basis and establish pilots with interested farmers / investors

1.6 Profitable processing of horticulture products is enhanced

- i) Economic and technical feasibility and sustainability of on-farm processing involving small-scale processing within the farming families - mainly by women - is assessed. Viable business models are produced in a participatory manner and proposed to financial institutions.
- ii) Medium-scale processing: Particularly exploiting the economies of scale through collaboration of women in a neighbourhood who are already involved in small-scale production. Impact of grouped marketing and joint collaboration is assessed and support provided to establish profitable joint business.
- iii) Linking producers with industrial processing

1.7 Plant and human health (PHH) including Integrated Production (IP) are being promoted in a coordinated manner by government and private stakeholders

- i) Inventory of plant-related health issues in Kosovo
 - Incidence of pollution affecting agriculture/horticulture
 - Pest and disease incidence
 - Use of agro-chemicals – especially for pest and disease control
- ii) Support to the development of national 'plant and human health' (PHH) strategy
- iii) Institutional reform and strengthening to implement and enforce strategy
- iv) Planning and implementation of actions identified in PHH strategy – such as:
 - Designation and enforcement of approved agro-chemicals
 - Establishment and enforcement of regulations to limit introduction and spread of pests & diseases
 - National programmes for eradication or control of critical pests & diseases
 - Establishment and strengthening of testing facilities
 - Building public awareness in IP standards
 - Zoning of horticultural production areas (to avoid utilisation of polluted land, water and soil resources).
 - Promotion of IP practices on-farm
 - Development of a cadre of IP advisers
 - Support to initiating the establishment of weather prognostication system.

1.8 The marketing of local horticultural produce is improved

- i) Market studies:
 - Consumption habits
 - market structure, channels, processes and trends
 - retail structure development and its impact on development of marketing of horticultural products,
 - exploration of market potential for locally-sourced processed products
- ii) Improvement of current market information system through wider product specification, additional of farm-gate prices, contracting out implementation as a step towards its privatisation.
- iii) Support for new products (development of packaging and labelling, marketing channels) e.g. for IP products, early watermelons, planting material, processed products.
- iv) Feasibility analyses of investing in new institutional arrangements – e.g. roadside seasonal markets (e.g. Xerxe), packing & collection centres.
- v) Exploration of potential of promoting quality standards (e.g. Eurepgap) to be undertaken in collaboration with relevant associations and MAFRD.
- vi) Promotion of point of sale for local products in supermarkets and wholesale markets.
- vii) Promote business-to-business linkages in the region

Outcome 2: Affordable business development, extension and financial services for value chain actors in the horticultural agribusiness sector are available, and provided by local service providers. The services are increasingly provided on a commercial basis

2.1 The formation of inter-professional and other interest groups is explored, promoted and supported, particularly for intra-value chain service provision

- i) Survey of associations in Kosovo
- ii) Consider generic approach based on equipping groups to analyse their situation and needs – and to plan and execute a programme. Search for opportunities to create linkages within individual value chains
- iii) Development of approach with 6 associations in 2008
- iv) Mainstreaming of such service provision (2008/9)

2.2 Knowledge sharing between the different actors related to the sector is promoted

- i) Identification and training of potential service providers and the financing of pilot service provision to clients through the scaling up programme
- ii) Promotion of collaboration between advisory service providers (formation of association
- iii) Establishment of links between private SPs and public advisory system - and for private service provision to figure in the Government's strategic planning
- iv) Promoting the progressive privatisation of advisory service provision
- v) Exploring the possibility of establishing short technical, communication and business courses for service providers (eg in association with the SDC VES programme, universities)
- vi) Development of options for continuing education of SPs
- vii) Exploration of alternative knowledge sharing approaches (farmer-to-farmer, education programmes through media)

2.3 Business planning and training is increasingly accessible both to individual actors and associations

- i) Develop generic gross margins for enterprises and components and equip service providers to train clients with a simplified methodology.
- ii) Develop generic business plans for new activities and equip service providers to train clients with a simplified methodology.
- iii) Record keeping - Introduce simple formats and monitor the results
- iv) Analysing the records - Comparison between the planned and executed results
- v) Support establishment of SP units that are able to deliver training to SMEs.
- vi) Promote the use (and purchase) of business development services relevant for the development of micro and small horticultural businesses

2.4 The diffusion of market intelligence is enhanced (market intelligence meaning here the identification of need for market information, the capacity to generate or collect it and finally the ability of analysing it for taking relevant action)

- i) Development of strategies for the commercialisation of market information services
- ii) Exploring possibilities of handing over services offered by the Project to the private sector – and eventually actioning such a transfer – including price monitoring and analysis, import data analysis, market advice, export advice.
- iii) Facilitating the integration / utilisation of market information in strategic planning
- iv) Strengthening trader and producer associations to deepen their knowledge of the sector and to promote horticulture products

2.5 Access to financial services of commercial banks and micro finance institutions is established

- i) Providing FIs with information on the sector and invite them to relevant events for awareness raising on the potential of horticulture
- ii) Provide training to agribusinesses in submitting and managing horticultural loans
- iii) Facilitate discussion and negotiation between banks and producers
- iv) Encouraging the development and implementation of new horticulture credit products with commercial banks and MFIs (including the facilitation of links between the financial institutions and producers)
- v) Promotion of private business advisors to offer pre-credit advice to producers

2.6 Other business services specific to horticulture become available

- i) Introduction of machinery specific to horticulture but unknown in Kosovo by provision to potential service providers against return component
- ii) Building generic business model for machinery services that could be subsequently detailed into individual business plans to potential investors
- iii) Providing skills training to individuals who will hire out their skills to producers and other actors
- iv) Promoting the introduction of a quality assurance scheme utilising trained assessors (such as EUROGAP)

Outcome 3: The business enabling environment for horticultural agribusiness is improved and remains conducive in the long term

3.1 An informed government, taking into account the interest of the actors in the horticultural agribusiness sector, is supported in the planning and implementation of the Agriculture and Rural Development Plan 2007-2013

- i) Contributions to the strategic planning process of government including value chain analysis.
- ii) Monitoring the evolution of the institutional and enabling environment with a view to preparing strategies for building value chain analytical capacity in value chain service providers.
- iii) Active participation in the strategic planning of the horticultural sector led by MAFRD
- iv) Strengthening competence in strategic planning in MAFRD, in municipalities and other relevant actors (University, Institute of Agriculture, vocational education etc.) on a pilot basis for horticulture
- v) Promoting the involvement of horticulture value chain representatives
- vi) Promoting inter-regional collaboration at all levels of horticulture value chains
- vii) Enhancing the capacity of MAFRD to design and seek funding for programmes identified as a result of the strategic planning

3.2 Horticultural agribusiness sector organisation is enhanced through collaboration between the public and private sectors

- i) Emerging groups of actors are encouraged to collaborate together to lobby central government, municipalities and other organisations to further their common interests
- ii) A horticultural directory is produced

3.3 Institutional support and strengthening
<p>Possible subjects for such investment include:</p> <ul style="list-style-type: none"> i) Reinforcing pest, disease and soil testing capabilities of the Institute of Agriculture in Peja, ii) Promoting collaboration between institutions in the development of weather prognostication to avert disease attacks. iii) Promoting access to field experience for students of the University of Pristina by facilitating contacts with clients and supporting the thesis research into key issues, iv) Facilitating internships with students of vocational education v) Training and study tours.
Outcome 4. Graduates of Agricultural Secondary Schools are incentivised and supported in planning small enterprises
4.1 An Agricultural School Young Entrepreneurs Support Scheme is piloted
<ul style="list-style-type: none"> i) Test and pilot the support scheme in 4 agricultural schools in 2009

ANNEX II – PUBLICATIONS 2008

Harallamb Pace, Fire Blight – *Erwinia amylovora*, identification and management. Mission Report, January 2008.

Intercooperation, Annual Report 2007 – HPK, February 2008

Intercooperation, Yearly Plan of Operation 2008 – HPK, February 2008

Ali Lushi, A case study on indoor vegetable production in Mamusha and Neperbisht, March 2008

CABI Europe – Switzerland, Ulli Kuhlmann, Implementation of Integrated Production in Kosovo, Mission Report, March 2008.

CABI Europe – Switzerland, Ulli Kuhlmann & Emma Hunt, Implementation of Integrated Production in Kosovo, Mission Report, April 2008.

CABI Europe – Switzerland, Ulli Kuhlmann & Dirk Babendreier, Implementation of Integrated Production in Kosovo, Mission Report, April 2008.

HPK International trade of fresh fruits & vegetables 2007, May 2008

CABI Europe – Switzerland, Dirk Babendreier, Implementation of Integrated Production of Apple in Kosovo, Mission Report, May 2008.

Tokli Thomai, Practical Guidance “Apple harvesting and storage”, May 2008

MAFRD & HPK, Fire blight, capacity building for service provider and fruit producers, Report, July 2008.

Skender Kaqiu, Study of existing situation on growing pepper in Kosovo, July 2008

Rexhep Uka, - Implementation of Apple Integrated Production in Kosovo, Mission Report, August 2008.

Astrit Balliu, The potential of greenhouse industry in Kosovo, August 2008

Muje Gjonbalaj, The inventory of greenhouse in Kosovo, July – August 2008

Skender Kaqiu, Study of existing situation on growing cabbage in Kosovo, September 2008

HPK, Pepper market profile, October 2008

Fadil Millaku, Inventory of MAP in Sharri, Koritnik and Jezerc mountains and mountain of Drenica, November 2008

HPK, Greenhouse Comparative Assessment - An economical analysis of vegetable production in two greenhouse technologies in Kosovo - December 2008

HPK, Cabbage market profile, December 2008

HPK – Overview of Fruit Processing in Kosovo – December 2008

HPK – Overview of Vegetable Processing in Kosovo – December 2008

¹CABI – IPM Advisory Group – Kosovo, Emma Hunt, Mission Report, December 08.

Annet Witteveen, Promotion of Interest Groups, December 2008

Andrew Sergeant, Market structure study, December 2008

¹ A mission financed by another resource (SDC – Switzerland).

ANNEX III - INTEREST GROUPS SUPPORTED BY HPK

Situation of interest groups collaborating with HPK - as of December 2008									
Full name	Municipality	Subject of the group	Authorized	position represent active	Tel	Reg_Data	Mission Statement	Status	Contribution of HPK
Fruti	Gjilan	Apple cultivation	Blerim Shekriu	President	044/132 382	2004, Association	Improvement of orchard management, application of new cultivation technology, widening new surfaces with tree fruits, members and non-members interested farmer's conscience regarding fruit cultivation etc.	Active	Support on capacity building (Plan activities, monthly meeting), cover 75% SP, study tours, building up collaboration within the group. Established an apple
California	Viti	Apple and plum cultivation	Feiz Ademi	President	044/400 090	4/15/2007, Association	Sustainable development of tree fruit sector. At this sector would be include interested farmers association members that would be supported by the experts of this association with professional advises. To collaborate with other tree fruit associations	Active	Support on capacity building (Plan activities, monthly meeting) cover 75% SP, study tours, building up collaboration within the group. Established an apple storage (cover 75%). Promoted a motor spray, protective clothes (dresses against pesticide, glasses, gloves, boots,
Molla nga Dardana	Kamenice	Apple cultivation	Faik Avdyli	President	044/753 497	2/14/2008, Association	To apply the new technology on pruning, plan protection and type of irrigation, also to give education and training to the members of association on farm management and to offer practically knowledge on	Active	Support on registration, capacity building (plan activities, monthly meeting), cover SP with 75%, study tours, building up collaboration within the group
Pemetaria-Peje	Peje	Apple cultivation	Beqe Berisha	President	044/ 138 784	4/11/2008, Association	To support the association's members on capable and training on orchard management, to apply the new technology on pruning, plan protection and type of irrigation, also to offer practically knowledge on fruits sector.	Active	Support on registration, capacity building (plan activities, monthly meeting), cover SP with 75%, building up collaboration within association. Promoted a motor spray, protective clothes (dresses against pesticide, glasses, gloves, boots, and filter masks)
Deçani	Deçan	Apple cultivation	Agron Berisha	President	044/621 040	8/28/2007, Association	To apply the new technology in tree fruit cultivation and soft fruit. The other objective is to give education and training to the members of association on farm management and to offer practically knowledge on	Inactive	Support on registration, capacity building (plan activities, monthly meeting).
Agroferma	Malisheve	Apple and plum cultivation	Imer Kastrati	President	044/431 379	1/1/2006, Association	To develop tree fruit and grape in malisheva region	Active	Support on capacity building (plan activities, monthly meeting), cover SP with 75%, study tours.
Saturn	Gjakove	Apple cultivation	Pjeter Firrokaj	President	044/188 573	6/25/2008, Association	To support the association's members on capable about new cultivars and expand to them, to organize training on orchard management, especial to improve new technology on pruning and plant protection.	Active	Support on registration, capacity building (plan activities, monthly meeting), cover SP with 75%, study tours
SunRise	Kosovo	Top-fruit nursery cultivation	Ibrahim Denishi	President	044/154 475	12/3/2007, Association	To help farmers and member's association on education and training for grafting through application new technology to the tree fruit mother plot (rootstock and bud wood - graft wood), to cooperate with local and international associations.	Active	Support on registration. Facilitated on import of graft wood
Iniciativa Rurale	Gjilan	Soft-fruit cultivation	Ibrahim Aliu	President	049/808 188	2005, Association	To promote rural community initiatives, to assist the community for forming and organizing, community improvement, raise initiatives for promoting farmers community, for ensuring employment sustainability, enabling families to overcome poverty	Active	Facilitated on linking with traders, packaging for strawberry
Ornamental Group	All Kosovo	Ornamentals cultivation		informal group		Established 2006	Work together on activities of common interest - eg ornamental fair	Inactive	Facilitated on group formation, annual Flower Festival to promote their products, support to participate in the fairs, organize training on landscape design.
Greenhouse Business Development Group	All Kosovo	Vegetable cultivation		informal group		Established September 2006	To develop the industry-driving force of the greenhouse industry, to help producers on applying new technology, support on advocating to government and other institutions.	Active	Support with Growth room on promotion the quality seedling production, co-financing with anti drip plastic film, and co-financing at 50% with motor sprinkler, facilitate on record keeping, and study tour.
UVB	Peje	Apple cultivation	Hysnia Beshkovic	President	044/255 957	2004, Association	To helping association members to develop tree fruit sector, collaboration with local and international NGO	Active	Support on study tours
Pema	Istog	Apple and plum cultivation	Qazim Blakaj	President	044/394 141	2004, Association	Collaboration between the farmers in association, collaboration with local and international NGO	Active	Support on study tours

ANNEX IV – ELECTRONIC MEDIA COVERAGE OF HPK

- Special agricultural programme about support to Horticultural sector by Denmark government. The programme was broadcasted on special agricultural program “Bujku” on [01 March].
- Program about ornamental sector. Program was realised at garden centre of Agrocoop Stime. The programme was broadcasted on [8 March].
- Introduction of pruning techniques – RTK took footage for its agriculture programme training in new techniques of pruning provided by service providers in the new apple orchard in Carrabreg, Deqan municipality. The programme was aired on [11 March].
- Promotion of MAP, seedling production and bedding plants – A journalist from RTK made short reports about the activities of the Project and its clients in the above-mentioned sectors. The items were broadcast during the main evening news of RTK on [14 March].
- Promotion of nursery industry. Special programme was realised at Koretin nursery. Programme was broadcasted on [22 March].
- Promotion of ornamental industry. Special programme was prepared at ornamental nursery “Parku” Emrush Dervishi. Programme was broadcasted on [29 March].
- IP farm school in Godanc Shtime. Programme about IP farm school was prepared and broadcasted on [12 April].
- Marketing strategy for IP of tomatoes – A farmer and a project staff member participated in a live weekly live radio programme in Radio Kosova on [13 April].
- Strawberry nurseries promotion. Program about promotion of strawberry nurseries in Llluka e eperme was broadcasted on [26 April].
- Locally-manufactured greenhouse open day – Two TV crews (from RTK and STP from Prizren) covered the open day in Qerim. The event was broadcast on [24 April] by RTK and on 17 May by TV21.
- Participation of HPK clients in the international fair in Pristina was covered by RTK – and broadcasted the weekly agricultural program of RTK – Bujku – on [14 June].
- Marketing promotion of IP production in Kosovo. Special programme was prepared and broadcasted in special agricultural TV program in RTK on [2 July, RTK].
- Promotion of nursery industry in Dranoc at Imer Nitaj. Program was broadcasted on [6 September, RTK].
- Agribusiness fair Tirana 08. Program about international agribusiness fair was prepared and broadcasted on [4 October, RTK].
- Current situation of agriculture in Kosovo - documentary agricultural programme prepared by RTK. Program broadcasted on [15 October, RTK].
- Promotion of fruit tree nursery in Slivove – Ferizaj. Program about fruit tree nursery was prepared and broadcasted on [18 October, RTK].
- Harvest of apple trees. Program about apple production, harvest and storage was prepared with producers from Bllagaje-Peje. This programme was broadcasted on [8 September, RTK].
- Strategic planning workshop roundtables. Main event from strategic planning round tables were broadcasted in the special agricultural programme “Bujku” on [22 November].

ANNEX V - HPK STAFF - 2008

Name	Position	Joined HPK
Neil Parker	Project Manager	January 2005
Faton Nagavci	Deputy Project Manager	October 2001
Sylvain Roy	Agri-business Adviser	June 2008
Ismet Babaj	PO Vegetables & Greenhouses	July 2006
Nora Gola	PO Agri-business	April 2001
Luan Hoti	PO Marketing & Communications	March 2001
Edvin Kotherja	PO Agricultural Economics	February 2008
Luljeta Krasniqi	PO Strategic Planning	January 2008
Basri Pulaj	PO Integrated Production	October 2007
Lumnije Rexhepi	PO Interest Groups	March 2007
Maxhun Shehaj	PO Top & soft fruits	December 2002
Shqipe Shala	Finance Administrator	March 2001
Mimoza Musa	Accountant (50%)	June 2008
Gezim Babalia	Logistician	April 2002