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Swiss Project For Horticultural Promotion – Kosovo (SPHP-K)

Review/Identification Mission

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Executive Summary

The overall goal of the SPHPK is the creation of sustainable employment and income through the promotion of the horticulture-agribusiness sector and thereby helping to improve overall rural livelihoods. Since 2001 the project has implemented a programme of development support covering all levels of the horticulture value chain (production to market) and primarily focused on top fruit, soft fruit, field and protected vegetables, herbs/teas and ornamental plants. During June/July 2006 HCL Consultants¹ were commissioned to carry out a review/identification mission for the project and to identify strategic intervention options for further development a new project phase between 2007 – 2009.

Overall the detailed mission report proposes a general project transition to a strategy that will better enable sustainability and transferability of results after completion of the project and in particular by increasingly focusing on:

- Encouraging appropriate production technologies, rather than specific horticulture products
- Commercial horticultural enterprise management
- Greater participation of growers in decision making, planning, project implementation and funding
- Improved post-harvest and added value activities
- Increasing the use of local service providers in project implementation and sub – contracting specific activities
- Joint project activities with other donors and commercial sponsors
- Improved dissemination and scaling up of results
- Policy support at national and regional levels

A number of detailed activities can be carried out to achieve this aim and are outlined in detail in the main body of this report but may be summarised as:

- Completing, before the end of 2007, any outstanding technical or demonstration issues and then subsequently scaling up of field production activities in relation to tomato, lettuce, carrot, onion, apples, pears, plums, cherries, strawberries, raspberries, blackberries, blueberries, black and redcurrants, herbs/teas and bedding plants and in cooperation with growers and service providers
- Considering technical possibilities for expanding watermelon and cabbage production
- Further encouraging growers to develop their own initiatives, production and enterprise plans and based on proper record keeping and analysis
- Planning and encouraging the expansion of worm composts both across Kosovo and regionally
- Further developing protected cultivations and quality seedling production
- Improving the establishment of nurseries and particularly in relation to supply contracts, sources of planting materials, replication, licenses and royalties
- Further developing on-farm curing, drying and storage possibilities with possible partnerships developed with suppliers and co-financed by growers
- Strengthening grower linkages with new investors into fruit or vegetable processing
- Further commercialising small scale (home or group) processing of fruit and vegetables
- Providing opportunities for growers to debate issues and develop initiatives through the development of “innovation” and local action groups (on specific topics, such as nursery production, preserves, apple production and marketing, planting materials imports etc)
- Completing participatory reviews with existing project growers
- Further developing credit “packages” for horticulture and in close cooperation with finance institutions
- Clearly establishing a defined budget for the purchase of equipment subject to PTAs and encouraging the development of sustainable “revolving” machinery funds
- Better assessing machinery utilisation rates and economic effectiveness
- More closely involving original manufacturers or input suppliers in actively supporting project activities, such as by providing finance, training, demonstration or advice
- Providing further training to service providers (input suppliers, growers associations, agronomists, MAFRD) in specific horticulture production and marketing techniques, and participatory extension, and encouraging more commercialisation of service provider support in Kosovar horticulture

¹ www.hcl-consultants.com

- Encouraging improvements in permanent or temporary markets and more closely involving market traders/buyers in project activities
- Continuing to encourage the involvement of women and minorities in project activities
- Providing leadership to the MAFRD fruit and vegetable working group and through the provision of technical support, training and information sharing and by helping them to develop strategies that will meet policy targets and EU compliance
- Continuing to prepare output/input price data and gross margin tables as training and business tools
- Continuing to collect and analyze reliable data including wholesale and retail market prices, market profiles, specific surveys and client databases and considering ways for ensuring sustainability of these services after project completion
- Developing creative dissemination options and in particular alongside the media and commercial publishers and including possibilities for joint cost sharing
- Continuing to promote attendance at horticulture field days, open days and co-financed participation at agricultural fairs and with improved follow up and evaluation of effectiveness
- Further promoting linkages with other relevant projects in Kosovo and assisting in the development of new project proposals, in association with commercial business and other donors in areas, such as, seed potato, peaches, apricots, nectarines, walnuts, hazelnuts, chestnuts, grapes, essential oils, honey and mushrooms
- Further establishing linkages/contacts/information exchange with horticultural bodies and projects in other countries

1. Background

Introduction

During June/July 2006 HCL Consultants were commissioned by the Swiss Agency for Development and Cooperation to carry out a review/identification mission for the Swiss Project for Horticulture Promotion in Kosovo. Primarily the purpose of the mission was to conduct a review of the current project and to identify strategic intervention options for the further development of the sub-sector in the frame of a new project phase between 2007 – 2009 (approximate budget limit CHF 900,000 per year) and the development of a project planning, implementation and monitoring platform. Specifically the work entailed:

- I. Reviewing the Swiss Project for Horticulture Cooperation in Kosovo (SPHP-K) and the relevance of the project in the context of the Kosovar horticulture-agribusiness sector and in order to identify the constraints/potential for the further development of the sector
- II. Formulating practical options and recommendations for the strategic orientation of future interventions in the horticulture-agribusiness sector during a new project phase
- III. Reflecting possible implications that alternative options for the future intervention strategy will have on project organisation, project role and collaboration with different stakeholders in the sector

Thus report is based on analyses of a number of relevant research and project documents² and discussions with relevant, growers, traders and horticulture support agents, including banks, input suppliers, service providers associations, Government and donors³. The consultant also maintained close contact and communication through the mission with the Swiss Cooperation Office in Prishtina and the project team of the Intercooperation managed SPHP-K and through a number of meetings/planning workshops and presentations.

Kosovo Horticulture and The Swiss Project for Horticulture Cooperation in Kosovo (SPHPK)

The overall goal of the SPHPK is the creation of sustainable employment and income through the promotion of the horticulture-agribusiness sector and thereby helping to improve overall rural livelihoods. Agriculture's share of GDP is 25% and more than 60% of the population (200,000 families) live in rural areas⁴. Semi-subsistence, low input - low output, farming predominates and yields/incomes could be increased significantly by introducing better agricultural practices.

² Some of the key reports are outlined in section 4

³ Some of the key contacts used during the compilation of this report are outlined in section 5.

⁴ World Bank Republic of Serbia Agriculture Sector Review Washington 2003

Horticulture provides opportunities for growers to increase incomes through growing a high value crop and most often on relatively small plots. As a labour intensive activity it also provides opportunities for improving rural incomes and generating additional employment. In Kosovo improved horticulture production also presents a market opportunity. Previously within the former Yugoslavia Kosovo had good horticultural production, both for national consumption and for export, but from 1990 production and markets were severely affected and primarily due to the break down of centralised input supply and marketing structures and the subsequent conflict at the end of the decade.

In 2005 imports of fresh fruit and vegetables in 2005 amounted to almost 75,000 tonnes (a declared value of €18.7 million). This included 42 million tonnes of fresh fruit⁵ (€10.7 million) and 33 million tonnes of vegetables⁶ (€8 million) and almost entirely imported from neighbouring countries and mainly comprised of products that could be produced in Kosovo. In the same year total exports of fruit and vegetables amounted to just 65 tonnes.

In 1984 more than 12,500 hectares of top fruits were produced in Kosovo (84% privately owned), and with apple the dominant species, but by 2001 only 450 ha⁷ of commercial/semi-commercial orchards of all species remained. The local vegetable production sector that re-emerged after conflict in 1999 was characterised by a concentration of production, primarily in the Dukagini valley, of only two traditionally exported products, green peppers and tomatoes, and focused on a short harvesting season – mainly just July to August and so resulting in seasonal over production and depressed market prices. Production was also strongly affected by a lack of proper access to appropriate technologies, varieties, inputs and markets.

In the mid-1980s around 70 ha of strawberries were also cultivated on private and state lands and with reasonable yields of 6.2 tonne per ha and with centralised marketing. 50% was sold to the Kosovo fresh market and the remainder processed for juice and sold for export to the US and Germany. Plastic straw and mulch was widely used for weed control and sprinklers for irrigation. However by 2001 no commercial cultivation of strawberries or any other soft fruit took place and all processing closed.

In 2001 the SPHPK was design to be a programme of development support and covering all levels along the horticulture value chain (production to market). It has continued and developed its activities since and primarily focused on top fruit, soft fruit, field and protected vegetables, herbs/teas and ornamental plants. In December 2005 the project was working closely with 215 production clients and promoting the access of growers to good quality planting material (primarily imported runners, canes, rootstocks, young trees and cuttings) and covering a wide range of improved species and varieties as well as assisting in the adoption of effective production and marketing practices and technologies. Since 2001 the project team have gradually developed their experience and developed activities to strengthen linkages with input suppliers, markets, growers associations, service providers, Government and other donor programmes. This report summarises the extent to which the project has developed since 2001, results achieved and provides recommendations for extending of activities between 2006 – 2009 and which will help in further achieving practical and replicable results.

2. Horticulture Sector Interventions of the SPHP-K

Production Programme

Vegetables

Since 2001 267 varieties of 30 species⁸ have been introduced into Kosovo and tested through the project and with 140 farmers (36.9 ha). Results have been mixed. Following a review of the SPKP-K programme between 2001 - 2004 it was realized that the production intervention was too diverse to be effective and from 2004, focus was given to just six vegetables that were considered as having the highest market potential (tomato, lettuce, carrot, onion, garlic and white bean). A range of cultivars and techniques were tried in different indoor and outdoor sites. As a result meat tomatoes, lettuce, carrot and autumn planted onion production has increased significantly.

5 50% of total domestic consumption

6 75% of total domestic consumption

7 i.e. more than 0.1 ha. Only 20 orchards in Kosovo are more than 1.5 ha

8 Tomatoes, Meat tomatoes, Aubergine, Cucumbers, Gherkins, Peppers, Radish, Lettuce, Spinach, Carrots, Beetroots, Cabbage, Cauliflower, Broccoli, Leeks, Onions, Bulb onions, Garlic, Watermelon, Melon, Brussels Sprout, Turnip, Parsnip, Swede, Celery, Celeriac, Kohlrabi, Swiss Chard, Ornamental Vegetables

The project has primarily purchased, and directly imported, improved seed for demonstration and from well known European companies (primarily Royal Sluis, Hild and Nunems) and this has increasingly become available to growers through local dealers. However the bulk of this seed is hybrid and needs to be ordered each year and there remains little possibility in the medium term of hybrid production being established within Kosovo.

Previous to the project little was known in Kosovo of commercial carrot production, the use of modern varieties, technology or appropriate machinery. By 2005 four carrot clients in Rahovec cultivated a total area of 1.5 ha and harvested and marketed 60 tonnes. Project experience of piloting new varieties and techniques for carrot production gives reasonable grounds to believe that the cultivation of this crop by normal farm families could expand within four or five years to cover 190 hectares and capture 50% of the Kosovo market.

Previous to the project lettuce was not cultivated commercially and the team have introduced F1 hybrids, such as Amsterdam and Nantes, and suitable for successional sowing and now 9 grower clients cultivate around 1.5 ha. Similarly onions were previously only grown on a small scale in the municipalities of Suhareka, Prizren and Rahovec but were insufficient to meet market demand. Now 10 grower clients produce around 150 tonnes from 5 ha.

Previous to the project garlic was not grown as a commercial crop, except on a small scale in Rahovec, and with low yields of less than 4 tonne/ha. Autumn planted garlic production techniques have improved as a result of the project but problems remain with the high price of the cloves (planting material) for the introduced variety, the absence of local multiplication and the lack of alternative varieties.

White bean is one of the most popular crops for cooking in Kosovo and the Molliq variety is grown around Decan and is traditionally intercropped with maize and with low yields of 1.5 tonne/ha. But despite project efforts mono-cropping of white beans has shown little sign of expanding and this seems to be largely due to the high labour requirement for plant support, harvesting and threshing.

The piloting of the technical field production component for existing products are now largely completed and the focus for 2007 – 2009 needs to be on disseminating results and scaling up of activities, primarily through the strengthening of linkages with other service providers. Experience from 2001 – 2004 suggests that specific focus on new vegetable crops may not be the best use of project resources, however analysis of import data for vegetables⁹ suggests opportunities still exist for vegetable import replacement and two crops in particular, cabbage and watermelon would be worthy of further investigation.

There is also a particular issue in relation to a shortage of seed potato as the Pestova processing factory in Vushtrri expands production of potato chips. However this is a very specialized and localized issue and probably outside of the immediate resources of the project. However this does present an interesting case of possible contractual linkages between processors and growers and although the project is unlikely to provide technical production support it would be possible to continue to strengthen contact and possibly develop supportive programmes/proposals in association with commercial business and other donor projects.

In 2005 joint project work began between the SPHP-K and CABI on integrated vegetable production¹⁰. CABI ran a training of facilitators course on integrated production with participants from the Ministry, municipalities, service providers, key farmers and the Project and two field training/demonstration programmes started in June 2005 on open-field tomatoes in Mitrovica and Gjilan with nine farmers at each site and with key farmers and project staff acting as facilitators. Such ecological production issues are good agricultural practices that will take some time to introduce into Kosovo (and across the region) and will take time to introduce effectively and to be accepted by growers. However it is important to continue to raise general awareness of the issues involved and to pilot specific techniques as and when appropriate¹¹.

2.1.2 Top Fruit

Since 2001 the project has introduced 64 varieties of four species (apples, pears, plums and cherries) and has worked primarily with 28 growers (14.7 ha) and 3 nursery owners for establishing the production of complete trees for sale to the Kosovo top-fruit industry. Apple varieties trials are largely completed and three of the early varieties and two of

9 Section 2.2.4 Marketing

10 Also known as integrated crop management (ICM)

11 Such as the preparation of quality composts – section 2.1.5 - or the introduction of non-chemical pest control methods

mid/late varieties can be considered well adapted and recommended for further propagation. Pear, plum and cherry trials still need at least one more year of assessment before results can be assessed.

The basic elements are now largely in place to allow for the expansion of modern top-fruit orchards in Kosovo and including mother trees, stool beds, nurseries and 14 demonstration orchards of 60 varieties of apple, pear, plum and cherry. And should the new apple industry expand to cover 500 ha – a foreseeable target within five years – production would meet 75% of local market demand. The project team propose developing specifically through the project at least 60 new hectares between 2007 – 2009 and local service providers need to be further utilised to assess the performance of the demonstration orchards and to prepare information for further technical advice and including the choice of varieties.

A number of agro-technical issues still need to be resolved in relation to the production of pears, plums, cherries, such as resistance to diseases, variety suitability in relation to climate, soil etc. However these issues should be resolved by the end of 2007 and this should enable scaling up of orchards the following year.

Import data for fruit¹² suggests that other options also exist for their introduction and expansion of other stone fruit production and including peaches, apricots, nectarines and all of which could be grown in Kosovo. Again this is likely to be outside the current resources of the project but consideration should be given to assisting in developing proposals that may encourage further commercial, donor or other development support¹³.

2.1.3 Soft Fruit

Since 2001 the project has introduced 19 varieties of three species (strawberries, raspberries and blackberries) and has worked primarily with 78 growers (19.71 ha). More recently the project focused on three strawberry, two raspberry and three blackberry varieties.

The strawberry value chain is now considered by the project to be largely completed. In 2005, 39 clients cultivated 9 ha and captured 17% of the local market. The project team calculate that that 90% of the local market would be captured if production were to expand to 48 ha and this remains a focus for 2007 - 2009. Scaling up has already proved to be particularly successful near the Macedonian border with six grower clients producing 12 tonnes from 0.87 ha. However the economic life of a strawberry plantation is only three years and strawberry mother plants (for further multiplication) have to be imported and this is still not entirely managed by grower clients. The project has developed four nurseries in the private sector to bulk up planting material for onward sale to growers and although nursery owners have been encouraged to organise the importation of mother plants so far this also has not worked very well.

Raspberry and blackberry production was introduced to growers later in the project and largely to extend the production season (both crops ripen later than strawberries) and hence incomes. The project is currently working with one nursery for the replication of these species. The importation and further multiplication of raspberries and blackberries is easier than for strawberries and needs to be carried out only once. Thereafter all multiplication can be carried out in Kosovo. In 2005 blueberries, black and redcurrants were also introduced to Kosovar growers by the project and with promising first results. However, unlike strawberries, none of these fruits are traditional for fresh consumption in Kosovo and it has become necessary to consider home processing¹⁴ as an additional marketing option. Although there remains a few outstanding agro-technical issues remaining for the analysis of soft fruits, other than strawberries, scaling up should be possible by 2008.

Other agro-technical issues also remain regarding crop rotations and after three years of plantations. Some project growers are now reaching this point and few have a cropping plan. It is likely that assistance will be required in this respect.

¹² Section 2.2.4 Marketing

¹³ Between 2002 – 2004 the International Finance Corporation (IFC) helped to finance the development of apricot and peach orchards for processing in Bulgaria. This development was further encouraged through access to EU Sapard funds for orchard establishment and for the introduction of improved production technologies

¹⁴ Section 2.2.3 Post harvest, storage and processing

2.1.4 Herbs and Teas

Although not traditionally cultivated in Kosovo there is a long tradition for collection of wild herbs and teas and previously marketed through a network of state controlled cooperatives to processors in Slovenia, Croatia, Serbia and Western Europe (mainly Germany). But by 2002 no collection took place and the three small tea baggers in existence were dependant entirely on imports. A project study and stakeholder workshop in 2002 identified a real potential for this sub-sector and subsequent chemical analysis of cultivated herbs and teas confirmed a wide range of herbs may be cultivated and could prove an even more sustainable approach than collection. The project has since introduced planting material and tea species obtained from Serbia and worked with 19 growers (3.8 ha). All these species are now being multiplied annually within Kosovo.

The key client for this component – Agroprodukt – is also cultivating 8 species of herbs (*Basilicum, Lavender, Valerian, Menthe, Marshmallow, Oregano, Sage and Melissa*) over 2.5 ha – the first commercial production (as opposed to collection from the wild) in Kosovo. This year the Project has supported seedling production as the only local source for planting material for herbs and teas in Kosovo and as a tool for expanding production in other areas. The project has provided the company with a drier, sourced in Serbia and the value of the equipment is “repaid” with seedlings provided free from the company to growers.

Even so the company cannot obtain sufficient supply to meet demand. Cultivating herbs and teas is not simple or traditional for growers and there is a need to link growers and to assist them further in growing techniques and in replication. However project analysis suggests it is a profitable activity that can be carried out on relatively small holdings and so it seems worthy of further project support. On farm drying may also be further developed as a way of adding value. Potentially the project could help to establish more than 50 ha of herb and tea production by the end of 2009.

2.1.5 Ornamentals and Other Products

Formerly ornamental trees and shrubs were almost entirely produced by former state owned companies (Hortikultura enterprise) that maintained public parks and flower shops. Bedding plants were a more traditional industry with trade between neighbours. Both approaches had largely stopped by 2001 and so the project has promoted the production of bedding plants and cut-flower species from imported seed (rather than the import of seedlings) as well as the vegetative propagation of certain species of bedding plants. So far 20 species have been introduced with 13 growers and more than 100,000 plants have been produced. Herbaceous shrub and tree planting material has been ordered for arrival in 2006 and so allowing three nurseries to propagate their own planting material.

As a result the project has been influential in promoting the establishment of a semi-modern ornamental industry in Kosovo and with seedling producers emerging as the key driving force and playing a significant role in the marketing of the products of out-growers¹⁵. A start has also been made on promoting the development of out-growers for both bedding plants and cut flowers and involving 10 women in urban areas. Ornamental and bedding plant production has been further stimulated in recent years by an increasing demand from households as well as for landscape garden services requested by companies and municipalities.

The project has attempted, but only with limited success, to promote the ideas of garden centres and through which specialised nursery owners would supply each other with their products for onward sale. But further development of the ornamental and cutflower sector is likely to involve considerable investment and promotion and provides only limited scope for new operators to enter the market or for large scale replication of results and so to a large extent the project activities in this area are largely completed. However opportunities still exist for further developing bedding plant production and scaling up activities from 2007 and in particular if results from the current outgrower programme prove to be positive for 2006.

An interesting offshoot of the programme has been the development of industrial and worm compost. Prior to 2001 compost was not produced commercially and only nurseries produced their own poor quality sub-strata. Imports were estimated as 600,000 kilo and primarily from Bulgaria, Macedonia, Serbia and Holland and supplied through input dealers. However, with the support of the project, one industrial compost producer has now established a foothold in

¹⁵ Responsibilities for plant production divided between the nursery owner who produces the seedling and the out-grower who produces the final product

the market and small-scale worm compost production is starting to show its potential after a slow start. Production of small-scale worm compost is certainly worthy of further replication, (through information and training) and not only within Kosovo but throughout the region.

Over the last few years the project has identified a number of other development possibilities and including, nuts (walnuts/hazelnuts/chestnuts), certified table and wine grapes (now of particular interest following Rahovec winery privatisation and growth in domestic wine production), essential oils, honey and mushrooms. Indeed between 2001 – 2004 the project team did carry out some work in hazelnuts and grapes but stopped in order to focus on other priority chains. It is also unlikely that the project will have the resources from 2007 – 2009 to be able to have a major impact on these sectors but further analysis and proposals could be developed through the project and for presentation for other commercial and/or donor funding.

2.1.6 Protected Cultivations

Price information collected weekly by the project¹⁶ strongly suggests that varying the time that produce is offered to the market is significant in obtaining higher prices. Across Kosovo product prices increase and decrease significantly throughout the season. With early/late season production being on average 4 times higher than main production¹⁷. There is considerable overproduction of vegetables in Kosovo between August – September and protected cultivations offer considerable opportunities for extending the growing season. Polyhouse tomato producers have operated on a small scale in Gjilan, Istok and Mamusha for a number of years and areas have expanded to around 300 ha of small scale plastic tunnels and around 150 ha of single/multispan greenhouses. In Mamusha there has been a particularly rapid increase in the number of simple poly-tunnels and to an area estimated to be around 80 ha (compared to 10 ha in 2000) and with growers largely targeting the early production of tomatoes and cucumber to exploit the high-priced June market currently dominated by imports.

Protected cultivations in Kosovo almost completely comprise of plastic single span or multispan greenhouses and tunnels. The size of the greenhouses varies between a few hundred m² to 1 ha. There are a few greenhouse imported, mainly from Schmarzmann in Slovenia (plastic) and the Netherlands (rigid plastic panels), but almost all other greenhouse are locally designed and manufactured by the greenhouse owner and with basic technology for ventilation, heating or conditioning, although a number do use drip irrigation and even fertigation systems.

Following the projects successful introduction of lettuce cultivation, more advanced poly-houses have been encouraged and the development of the vegetable seedling industry has arisen from the same base and has proved equally successful. Seedlings are primarily produced in hot beds under small tunnels and heated with electric bulb or wooden oven and bare rooted seedling transplanted after the final frost.

Encouraged by the results the project have recently commissioned a review of the potential for further protected cultivation development¹⁸ and it seems there is further scope for expansion and development. Support needs to be further progressed between 2007 – 2009, and in particular in relation to, helping to increase the area under protected cultivations, introducing and establishing appropriate technologies and encouraging a more substantial seedlings production capacity that will help to increase the overall quality of a whole range of vegetable types.

2.1.7 Weed, Pest and Disease Control

Since 1989 little has been done to systematically combat pests and diseases in Kosovo and no inventory has been taken since that time and so most growers are poorly informed about different weed or pest control measures. The project has helped to promote the use of environmentally safe control of pests and diseases and to increase awareness amongst input suppliers of low quality agrochemicals. They have imported some high quality inputs for comparison and encouraged service providers to apply more advanced integrated plant protection methods.

The project has introduced cultural, mechanical and chemical weed control measures to growers. Plastic mulch has been successfully adopted on tomato, peppers, egg plants, cucumbers and strawberries and the thicker webbing cover

¹⁶ Section 2.2.4 Marketing

¹⁷ 2005 figures sweet pepper x 5, carrots x 4, tomatoes x 3.3, onions x 2.5, apples x 2, watermelon x 2

¹⁸ V.E.K. Adviesgroep B.V. July 2006

has worked well with lettuce and herb production. Organic mulch and intercropping is likely to be further established in orchards. Advice has also been provided on plant spacing, irrigation and land cultivation techniques. Row seeding with machines (hand-held and tractor-mounted) is being introduced and the introduction of pre-emergent and selective herbicides for carrot and onion production are proving successful.

Local consultants have been used for weed and pest identification and the use of service providers has been encouraged for specialised chemical control. Building grower and adviser knowledge of the subject has primarily been through workshops, demonstrations, field visits and modular training. However the project still needs to provide more information on variety characteristics (such as pest and disease tolerance) and more attention needs to be given to publishing the information that is gathered from trials. Indeed many growers are generally uninformed of the biology of plants, such as, pollination, varietal differences affecting indoor/outdoor cultivation and hybridisation.

It is important to continue working with a range of service providers¹⁹ (input suppliers, grower associations and advisers) as well as the Ministry of Agriculture, Forestry and Rural Development (MAFRD)²⁰ in order to further progress the quality of agronomic support between 2007 – 2009.

2.1.8 Nurseries

In the former Yugoslavia planting material production was centralised (such as through the Peja Institute or large agrokombinats) and distributed to all provinces and once it was registered and certified. The Peja Institute and the Prishtina University implemented horticulture variety trials. However since 2000 no trial programme for horticulture has existed and fruit tree growers have produced only generative rootstock of apples, plums, cherries, pears, and quince and vegetable seedling production has operated only on a small scale. No scheme for certification or registration exists. Some planting material has been imported (mainly from Serbia and Macedonia) but without any real border control and marketed without restriction or certification.

The project has primarily focussed on promoting and financing the trials of varieties and techniques on selected grower fields. An aim of the project has been to promote quality planting material propagation and to meet criteria for certification. This has included providing information and training to nursery growers on best cultural practices and supplying certified planting material for multiplication. Demand for planting material for different species is high amongst growers and the development of quality tree producers in Kosovo is encouraging although still preliminary.

Initially the project focused on the production of quality, disease-free, fruit trees (apple, pears, plums, cherries) to provide the basis for the redevelopment of the top fruit industry and has primarily worked with 3 nursery owners (to be increased to 6) and established the production of complete trees for sale. The production of strawberries was added later in 2001 and subsequently other soft fruits as well (raspberries and blackberries). The nursery programme has expanded to cover the production bedding plants seedlings and that in turn led to the production of bedding plants up to the point of sale – as well as cut flowers. Rootstock has been primarily imported from the UK, Switzerland, Holland and Italy and sometimes on a demonstration only basis.

The nursery programme potentially provides the driver for further growth of the sector as at the present time markets are often less of a problem than access to quality planting materials. However even though the project has taken some useful first steps, major issues remain, such as, supply contracts, sources of planting materials, replication, licenses and royalties and so nursery development still needs further work. EU regulations are well established in relation to certified, virus free rootstock and breeders rights and the MAFRD will need to be closely associated with project activities between 2007 - 2009 as well as focusing further on strengthening representative bodies such as an association of nursery growers and through training, linkages, information and study tours.

2.2 Service Providers and Intermediaries

Since 2001 the SPHP-K have worked with a number of service providers and intermediaries to various extents. These have included:

¹⁹ Section 2.2 Service providers and intermediaries

²⁰ Section 2.2.8 Ministry of Agriculture, Forestry and Rural Development (MAFRD)

2.2.1 Farm Input Supplies

In the former Yugoslavia input supply was organized solely by state-owned cooperatives, although private companies started to become involved in Kosovo during the 1990s through agriculture pharmacies but under the strong quality control of the Government. Both cooperatives and agro-pharmacies provided technical advice to farmers in addition to agricultural inputs and both were serviced by large input supply companies mostly based in Belgrade. Following the 1998-9 conflict trade linkages were disrupted, cooperatives stopped operation and any semblance of quality control ceased. The commercial market has been slow to re-establish as reputable international companies are reluctant to establish an official representation in Kosovo. A very limited range of inputs (often 'counterfeit') is still available and of variable quality. A number of 'secondary representatives' seems to have been established and with three local companies, for instance, claiming to be the sole representatives of Royal Sluis, a Dutch vegetable seed company.

The project has directly imported technology and inputs for testing and introduction to grower clients, ordered inputs through local dealers and encouraged them to stock the improved inputs and promoted where appropriate the manufacture of inputs, material and machinery in-country. As a result a much greater range of horticultural materials is certainly now available in Kosovo and at least two companies, "Agrocoop" from Shtime and "Agrounion" from Fushe Kosova are specifically supplying the market with horticulture inputs and materials including fleece, ground cover, quick pots, irrigation equipment, seeds and seedlings and overall prices have reduced. For example In 2001 the project imported drip irrigation equipment to help in economising on water use and reducing disease and since then almost all commercial greenhouses have installed such systems.

The limited range of imported conventional fertilisers (mostly 15:15:15) remains a major issue. Not only is quality often problematic they are also indiscriminately used by farmers for most crops and in all soil conditions. Soluble fertilisers have been introduced through the project as a more effective and ecological method when used in conjunction with drip-irrigation for protected and field cultivation. They are now available with a few input suppliers in Kosovo.

Agriculture machinery hire in Kosovo is already established as a service in the private sector. The project focus has therefore been oriented towards the introduction and demonstration of specialised machinery primarily for horticulture and following demonstration for onward lease through a service provider, normally the demonstration grower. This machinery has been either part or fully financed through the project. More than 20 pieces of new equipment have been introduced to project growers, ranging in price from €250 – €10,000²¹. This has included equipment for mechanised bed preparation, hole making, sowing, weeding, harvesting, threshing and carrot washing. Once a machine is shown to be useful, the approach of the project is to encourage input dealers to stock it and to promote the ownership of the equipment by machinery service providers.

Co-financing of activities with growers and service providers was introduced in 2002 and constituted a simple sharing of costs under the principle of risk-sharing. Initially investments were mainly limited to variety trials and with the project providing some of the key inputs (mainly varieties, technical advice, training) and the grower/service provider the remainder of the investment (mainly land, labour, buildings). More recently inputs have been pre-financed by the project but repaid by the grower/service provider client in the form of a return component. For example, project investments in strawberry runners, have been 'repaid' with an equivalent value of second-generation runners, investments in nurseries "repaid" by free planning material to pilot growers or investments in machinery "repaid" in low-cost services to other grower clients.

Support to clients involving any financial commitment by the project has been subject to Participatory Technology Agreements (PTAs) that specify the objective of the collaboration and the respective responsibilities of the signatories. To date 298 PTAs have been established. It is recommended that in future the project establishes a clearly defined budget for the purchase of equipment subject to PTAs, so that it can be better managed and monitored and providing the potential for the future development of a "revolving" machinery fund and added sources of funds from other donors or the commercial sector.

Potentially the project could introduce a whole range of additional equipment, relevant but new to the Kosovar market, such as seedlings equipment, growth room, farm storage, seedlings planters, rootstock cutters, milling machines, separators etc.). However there is a need to look at utilisation rates of equipment that has already been (or will be)

²¹ Total value spent between 2001 – 2005 on new/demonstration equipment has been in the region of €60,000

introduced and in particular how many hectares or growers have been covered, hours of usage and service charges outside of demonstration usage and so be better able to assess economic effectiveness both for growers and the project.

Possibilities for further strengthening existing, or developing new, machinery rings exist. In Kosovo a few farmers have developed useful experience of managing such structures and initially established with Danish aid support²² but now they are mainly self financing. Consideration also needs to be given to more closely involving original manufacturers or input suppliers (such as, Royal Sluis/Lortogano/Schmarzman etc.) in actively supporting project activities, such as through training, demonstration or advice. This is particularly the case where a specific technology or approach is being proposed. Purchase decisions on a particular supplier should be more often based on an assessment of their commitment to provide such support. This should better help in ensuring commercial continuation and eventual replication of specific demonstration activities.

2.2.2 Access to Credit

Credit provision by commercial banks in Kosovo for agriculture is undeveloped and represents less than 2% of their portfolio or €11 million. 60% of this credit is repayable in less than 1 year and the remainder in less than 3 years. Issues in relation to collateral, ownership, lack of insurance, poor financial planning and management are deemed high risk for most banks and with a resultant reluctance to lend, monthly repayment demands, lack of grace periods and interest at 12 – 15%. However most bank experience suggests relatively little default and the project have started to encourage commercial banks and micro-finance institutions to introduce credit products that are more suitable for horticulture and including top-fruit orchard establishment, soft-fruit production, nursery development, manufacture of greenhouses and the purchase of greenhouses and their equipment.

The project is most advanced with the Raffeissen Bank and in relation to providing information on the existing and future market for Kosovo apples. Raffeissen and the project have signed a memorandum of understanding for a pilot programme for pre-financing of orchard development. This is for a total sum of €100,000 for 10 hectares of apple orchards as 5 year loans and instalments with a grace period. The project will help to provide a structured approach to the identification of grower clients and jointly selecting clients with the bank. The project will judge the clients skill in horticulture and the suitability of their resources available, including land, equipment and storage, as well as assisting and advising both the borrower and the lender in the establishment of a reliable business plan and providing technical and business advice. The ultimate objective is that, after a few years of such promotion, certain banks would be confident enough to provide an 'orchard establishment credit product' without further project involvement.

The SPKPK has a real potential not only for assisting Raffeissen but potentially for influencing the development of a wide range of credit services in horticulture and agriculture. The European Fund for South East Europe enables local finance institutions to access additional capital for programmes designed to focus on medium – long term lending to target groups, primarily micro and small enterprises. These programmes need to be proposed and designed. No bank in Kosovo has an adviser specifically for agriculture or horticulture and this could be encouraged. The MAFRD is also considering the establishment of a Rural Development Fund that is similar to EU Sapard programmes and so encourage agricultural investments. Other banks, such as, KasaBank, Banka Ekonomika and Procredit are interested in developing new products and in areas such as greenhouse development.

Investments into different types of horticulture requires different types of financial planning and the project has gained useful and practical experience of income and costs of different types of horticultural enterprise that could be used for encouraging improved lending and these possibilities should be developed between 2007- 2009. However the project is not a commercial bank and it is important to ensure advisory independence throughout and not take on the role of a guarantor or arbiter or to overly support or even direct highly capitalised horticulture businesses.

A number of micro-lending institutions also exist in Kosovo and have developed a significant client base in rural areas. As an example Kosovo Rural Credit (KRK) have established 37 village based micro-finance associations and disbursed more than €7.8 million since formation. Based on relatively small loans (average €1000 per individual) and peer pressure through the association repayment rates are excellent (99.9%) and enables KRK to offer grace periods of up to 10 months. Possibilities for the project linking with Kosovar micro-finance institutions, and in particular to

²² Such as the Xerxa 2000 machinery ring

exploit their member base and lending experience, needs to be explored. However the relatively small average loan size may make scaling up to higher investments for horticulture products difficult.

2.2.3 Post-Harvest, Storage and Processing

In recent years horticulture growers in Kosovo have paid little attention to post-harvest, storage and processing issues and focused almost entirely on relatively low cost production for daily sale to the fresh market.

Project attempts to encourage even simple grading of tomatoes and soft-fruit have not led to good results. Tomato producers have been discouraged when traders were generally unwilling to pay a premium for sorted quality and any serious grading of soft fruit began only when producers started selling direct to supermarkets, albeit on a very small scale. Packaging interventions in the soft fruit sector have been attempted with growers but their rate of adoption has varied greatly between products and between clients. In particular where the local product has already developed a distinctive edge over imports – as is the case of strawberries based on their quality – most produce can be successfully sold without the added expense of good packaging. Debelde strawberry producers used project-developed packaging and labelling at the beginning of the 2005 season in Viti – but Pristina wholesalers – having read the grower address on the labels - soon began regularly visiting the production site themselves and buying in bulk and putting into question its use.

However not all experiences have been negative. This year Pristina supermarkets were seen by the project to be selling packed Babaj Bokes strawberries for €1.50/kg and Macedonian for €1.00 and washed carrots primarily introduced, through the introduction and demonstration of a washing machine by the project, has been welcomed in the market and this has encouraged the owner to expand production.

An interesting and potentially lucrative possibility is to increase low cost on-farm storage that utilises existing buildings and land. Price information obtained through the project²³ suggests that produce presented on the market, outside the main production season, obtains significant increases in price. Many fruit and vegetables, such as apples, carrots, onions and garlic can be stored for up to 10 months with little reduction in quality. The project co-financed a simple onion store in 2005 with encouraging results and the owner intends to double capacity next year. A similar attempt with apple storage in 2005 was not successful. In 2003 simple garlic storage based on pallets was introduced to the members of four farmers associations and has since been replicated. The development of on-farm curing, drying and storage possibilities need to be expanded by the project between 2007 – 2009 and with possible partnerships developed with suppliers of insulated housing²⁴ and co-financed by growers.

Some large scale (250-300 ms sq) cooling facilities and frigo-refrigeration have already been established in some parts of Kosovo and is primarily storing imported produce. There may be some opportunity for larger horticulture growers to exploit these facilities, as well as the extensive frozen soft fruit export market through Serbia.

Formerly socially owned collectivised enterprises (SOE) were responsible for commercial processing of fruit and vegetables and KTA list 10 SOE fruit and vegetable processing enterprises in Kosovo for eventual privatisation and capable of processing more than 350.000 tonnes/per year. However most are working well below capacity, if at all²⁵. The processing sector is seen to be a sale of last resort for most growers as generally they offer by far the lowest priced option²⁶. New investments have been made into Kosovar production of fruit juices (such as Dona or Pajtimi juice processing - both 8000 litres per hour) but to control costs all of them use, imported juice concentrates (from Greece/Macedonia/Slovenia/Austria/Germany) and dont have a reception facility that is even able to receive and crush local production. Despite MAFRD commitment to re-establish large scale agri-processing²⁷ at the present time in Kosovo there is simply insufficient large scale open field production that produces low cost fruit or vegetables for industrial processing and growers can continue in the short term to exploit the relatively lucrative fresh or stored market.

Between 2007 - 2009 the project team should not rule out the possibility of helping to support reputable processing companies²⁸, involved in canning, drying, juice production, cooling or freezing in strengthening grower linkages and in

²³ Section 2.2.4 Marketing

²⁴ Such as from Nowy Sad in Vojvodina or from Hungary

²⁵ MAFRD estimate that only 20% of vegetable processing capacity is utilised and no top fruit processing has existed in Kosovo since 1984

²⁶ Tomato prices in 2003 averaged 12 cents per kilo compared to a processor price offer of 5 cents per kilo

²⁷ Section 2.2.8 The Ministry of Agriculture, Forestry and Rural Development (MAFRD) and Municipalities

²⁸ Such as the Progress factory capable of processing 5,000 tonnes per year (30% current utilisation) and which processes vegetables for canning and currently imports around 40% of raw material

particular where new investments for processing local production is involved. However small and medium-scale processing carried out by farming families or rural associations also offers potential. Traditionally many families pickle and dry their own vegetables and process their own jams, compots, oils and vinegars at home. The possibility for more formal commercialisation of such processing exists and particularly for niche markets such as through retailers and catering establishments and for reliable, quality assured and unique production²⁹. Only around 20% of preserves currently sold in supermarkets are produced locally. The project has already helped a number of grower families to increase their net returns to their soft fruit enterprises (raspberries and blackberries) by adding jam as a component. 7 tonnes of jam were produced and marketed by SPKP-K growers in 2005. Encouraging results are also being achieved through the introduction of medium-scale pickling of vegetables.

2.2.4 Marketing

The project has carried out weekly monitoring of wholesale and retail prices of 32 horticulture products in the Prishtina market since March 2001 and remains the only source of such information in Kosovo. This data series has been available on the projects website since December 2002 and the information is frequently quoted in government and consultancy documents and has constituted a major influence on project decisions. SPKPK have used data to assist in decisions for extending the season and particularly in terms of encouraging, a range of earlier and later varieties, autumn planting, successional sowing, protected cropping, fleece, premature harvests, improved storage and processing. Examples include lettuce which is now available on the market for 12 months a year (previously not being commercialised at all), tomatoes for 5 months (previously only 2 months) and soft fruit for 7 months (previously just 3 months).

The information and knowledge accumulated through the project has been used to establish market profiles of individual crops and including estimates of market volume, weekly price trends (over the previous three years), the proportion of the market obtained by imports, source and timing of imports, characteristics of products and their packaging, local marketing channels and consumer preferences. Profiles have been completed for strawberries, onions, tomatoes and apples. These profiles have proved useful in discussions with finance institutions on the introduction of credit products for horticulture. Five market surveys have also been undertaken and including two market demand surveys (2001, 2002), two consumer surveys (2001, 2004) and one rapid market appraisal for grower clients (2005).

For 2004 and 2005 the SPKP-K also completed detailed surveys³⁰ of imports of fresh fruit and vegetables, EU coded, and including watermelons, melons, apples, pears, nectarines, peaches, strawberries, tomatoes, onions, cabbage (including lettuce), carrots and peppers. The reports provides some useful insights into consumption and trade. In 2005 85% of fruit imports were from Macedonia and Greece. By value 50% of this is watermelon (June – November) and 35% apple (October – May). 40% of vegetables imports are from Turkey and 40% from Macedonia (higher by weight). The remainder being from countries as diverse as Syria, Serbia, Holland and Austria. 40% by value are tomatoes (throughout the year), 20% peppers (April – December), 12% onions (throughout the year) and 12% cabbage (January – June).

Permanent or temporary markets exist in most major towns across Kosovo, although many are not exclusively selling food produce. Packaged and non-packaged imports are sold at these markets and are often sold directly from the back of 40 tonne trucks by domestic and regional traders. Produce sales are often un-coordinated and in relatively small quantities and often sold outside the main market or at roadside locations. Official markets are within the management responsibility of the municipality but this responsibility is often delegated to the traders themselves and each of whom operate on a one year renewable licence. Market facilities for trade are mostly basic but they are gradually being upgraded, such as a new location recently established for the wholesale trade of fresh fruit and vegetables on the outskirts of Prishtina. But for most growers production, rather than marketing, is perceived to be a bigger problem. Temporary sales stalls outside project grower farms and even pick your own pilot programmes have shown produce can still be sold relatively easily and profitably³¹ within the current market.

²⁹ Such as for chestnut compots, blueberry or blackberry jam

³⁰ Based on Kosovo Customs Service Data

³¹ Section 2.2.5 Commercial farm management

SPKPK in collaboration with the Horticultural Promotion Group have tried to introduce branding and logos with the slogans 'Nga toka jone'³² and 'Natura'. The Fragaria Association of soft-fruit producers near Gjakova has also been assisted to develop the brand name 'Fragaria' for fresh soft fruit and 'Freskia' for soft-fruit jam. Branding however is difficult to sustain given the lack of legal protection available in Kosovo.

It is important that SPKPK continue to collect and analyze reliable data and upon which sensible project decisions can be made and this includes the continuing collection of wholesale and retail market prices, development of market profiles and conducting of specific surveys. However the project team need to consider more carefully how information can be better disseminated³³ to a wider range of growers and service providers and how data collection can be sustained after completion of the project in 2009. The project may also consider developing and publishing a contact/client database of addresses of main actors in horticulture, such as, traders, distributors, wholesalers, retailers and major growers.

There is also a need to consider how the project can support the strengthening of permanent or temporary markets and through more closely involving market traders/buyers in project activities and including training and study tours to market locations (such as in Turkey or Greece) and advisory support aimed at strengthening trader/grower linkages and contracts/joint activities.

2.2.5 Commercial Farm Management

Organising and managing a truly commercial horticulture enterprise requires proper planning and financial control. However few growers maintain any records or develop crop, market, finance or farm enterprise plans. The SPKPK have used data collected from clients to develop crop costings with gross margins established for apple orchards, strawberry plantations, carrot production, strawberry jam production, strawberry runner production and greenhouses and some of this information has proven useful for establishing credit support programmes with Raffeissen bank³⁴. Although they are not complete farm enterprise plans the information does provide useful data on which to make gross margin comparisons for different crops and enterprise types and enables the project to prepare horticultural enterprise "packages".

However there is a need to help growers to develop their own initiatives and plans without too much direction by the SPKPK. Growers will need to be convinced of the need to maintain better records and to effectively analyse the data themselves. The gross margin analyses, that have already been developed, could be used as a simple training tool for growers and for development of cropping and enterprise plans. Initially this need not be over complicated³⁵ and advisers may need to be trained themselves in how to use simple farm management tools.

Output and input price data and a supplier catalogue can be further developed through the project between 2007 – 2009 and in order to improve the overall quality of analyses, however the major priority needs to be on how growers are better able to understand and utilise the commercial farm management tools and techniques available.

2.2.6 Growers Associations

Few growers in Kosovo are individually large enough to compete effectively in national, regional or global markets and, in theory at least, associations should have a central role to play in enabling their members better access to input supplies and markets. However growers across Kosovo have generally negative opinions towards cooperation and negatively influenced by previous experience of centrally planned economics and collectivisation³⁶. Over the past 5 years numerous donors have tried to support the development of agri-rural associations (including IFDC, USAID, UNDP, FAO, EAR and KFOR to name a few) and yet still across Kosovo very few exist that are commercially self financing and sustainable.

³² 'Produce of our land'

³³ 2.3 Information and dissemination

³⁴ Section 2.2.2 Access to credit

³⁵ More sophisticated (and computerised) farm record keeping and management tools are available through the Food and Agriculture Organisation of the United Nations (FAO) www.fao.org or commercial companies such as www.farmplan.com

³⁶ KTA still have not privatised 166 socially owned enterprises/collectives involved in fruit and vegetable production

Previously the project collaborated with existing associations that had been developed through other projects such as FAO/SARK and KLIP. In 2001 this involved 9 farmers associations in 2001 and 33 in 2002³⁷. A much smaller number are solely involved in fruit and vegetable production and marketing and most notably these include the Fidani Association in Rahovec (grapes), Anadrine (vegetables), Horticoop (vegetables/soft fruits) Istok and Gjlane (Fruit). Subsequent collaboration in strawberry marketing by SPKP-K in Gjakova led to the formation of the Fragaria Association and the introduction of a carrot washing machine has helped collaboration between a group of producers around Peja. The Project has attempted to promote the formation of national representation of horticultural producers through the establishment of the Horticultural Promotion Group and it is hoped that the on-going introduction of specialised machinery for a range of crops in specific geographical areas will be a catalyst that will lead to further collaboration amongst producers even if the machinery itself will be owned and operated by service providers.

Even so the overall experience of the project team of working with associations has been poor and most were found to be primarily brought together purely with the objective of obtaining donor funding rather than developing member led services. As a result an external evaluation in July 2002 recommended that the project primarily work with clients that showed potential for business development and subsequently started selecting, through project consultant meetings, individual farming families as well as small enterprises as the main focus for support.

However it is important not to exclude associations entirely. Experience of growers associations in western Europe, and more recently in central and eastern Europe, show that commercially focused groups that are directed and financed by growers can compete effectively³⁸ but they need time to mobilize their resources, build on their strengths and managerial capacities and learn to cope with the pressures of competitive markets. They must be encouraged to carry out a situation analysis on their own terms, trace their own path and generate their own innovations.

In addition to the already registered groups in Kosovo a number of growers also cooperate informally and particularly through family structures³⁹. There should be no rush to register groups but the real challenge should be to help growers to debate issues and develop initiatives and through facilitatory and participatory approaches to planning and project implementation and including the development of "innovation" groups, local action groups and participatory reviews with growers that have already been involved with the project. New initiatives are likely to develop through "clubs" of nursery producers, conserve processors, horticulture advisers, apple growers, planting materials importers, glasshouse producers etc. A more structured plan of grower meetings and workshops needs to be prepared and implemented between 2007 – 2009. This approach should help to generate more innovation but should also help in training, information dissemination information and scaling up of activities.

2.2.7 Advisory Services

Since 1999 donors and NGOs have provided technical support, advice and training to specific agricultural sectors but so far no sustainable national advisory or training extension programme exists. There is one university faculty of agriculture in Kosovo (Prishtina) and one agricultural research centre (Peje). The European Agency for Reconstruction (EAR) have supported the Rural Advisory Support Services (RASS) project since 2003 and have focused primarily on strengthening the advisory capacities of Municipality and some private sector advisers and have helped to establish farmer training centres in Peje, Lipjan, Prizren, Mitrovice and Zvečan. However there are few specialist horticulturalists in Kosovo and although the promotion of advisory service provision has been an objective since the beginning of the project, little has been achieved.

The projects has contracted local service providers for specific activities, such as the scaling up of strawberry production and the establishment of apple orchards, but between 2007 – 2009 more innovative approaches need to be considered, such as totally sub-contracting/tendering whole components of the project to local service providers, such as market information services (MIS), horticultural publications, local action group development etc. and rather than depending almost entirely on the core team.

The advisory services market has largely been distorted by donors and attention needs to given to encouraging the commercialisation of services and through the gradual introduction of charges. This may be direct to growers or

³⁷ Including four SOEs for the rehabilitation of hazelnut plantations

³⁸ In western Europe more than 50% of all inputs supplied and produce marketed to and from horticultural growers is through associations that the growers jointly own (90% in Holland)

³⁹ The average rural family size in Kosovo is 7 members

through developing more innovative schemes, such as part funding from input suppliers, buyers/processors, grower associations or even embedded as part of commercial loans or participatory technology agreements (PTAs).

It is worthwhile to promote the private provision of advisory services as Government support is unlikely to be sufficiently specific for horticulture, and a key indicator of project performance between 2007 – 2009 needs to be the extent by which sustainable and commercial service provision in horticulture is strengthened through the project and this should be measured against increased activity.

Consideration also needs to be given to further enabling current project growers to “train/advise” other growers and to identify key advisers/advisory agents for fruit and vegetable production and marketing with the possibility for establishing an advisory contact forum. Some of these advisers will need training in participatory approaches and methods of extension and aimed at stimulating further teamwork amongst farmers and rural communities.

2.2.8 Ministry for Agriculture, Forestry and Rural Development (MAFRD) and Municipalities

The MAFRD has recently compiled⁴⁰ an agriculture and rural development plan for 2007 – 2013. This lays down the medium term framework of policies and structures for promoting cohesion and development across all sectors. It approximates EC guidelines and is based on assumptions that are related to the ECs draft regulation as an instrument of pre-accession assistance. The MAFRD strategy puts a strong emphasis on the strengthening of local development strategies and local action groups. During 2005 the SPKP-K collaborated with the MAFRD regional offices and Municipality officials and primarily during the identification of clients and for the scaling up of components (soft and top fruits, herbs and teas). The project team was also involved with the MAFRD in the development of the national fruit and vegetable strategy and during the introduction of integrated production in Kosovo.

Within the 2007 – 2013 strategy, priorities for MAFRD, in relation to fruit, is to increase overall consumption from 19.2 to 33 kg per capita, develop high quality nurseries, increase commercial production areas to 1,100 ha (from the current 450 ha), establish 10,000 tonnes of fruit per year for processing, double yields and triple overall production. In relation to vegetables the MAFRD expect by 2013 the numbers of subsistence farms to reduce by 30% and greenhouse production to cover 870 ha (from the current 470 ha) and with open field production increasing by 10% (to 16,000 ha and with a doubling of average yields and outputs. The MAFRD also expect exports to develop significantly and overall production to double.

However other issues need to be resolved and including improving phyto-sanitary and pest and disease controls. Between 2007 – 2009 the project has an opportunity to provide leadership to the MAFRD fruit and vegetable working group and so help to make it more sustainable and better informed. This could be through the provision of technical support, training and information sharing, and in relation to, helping the working group to develop strategies for achieving national policy targets and EU accession compliance and standards.

2.3 Information and Dissemination

The project has sponsored technical books produced by horticulture specialists in areas such as, pathology, floriculture practice and top-fruit pruning. A series of ‘fact sheets’ (such as on carrot, cabbage, lettuce and white bean production) and technical bulletins have also been prepared either by the project team or contract specialists. However, despite the quality, these publications are expensive to duplicate and disseminate, and to maximise impact, between 2007 – 2009, creative dissemination options and cost sharing need to be considered.

The role of the media is important in promoting horticultural production and marketing. RTK already organise a 30 minute farming programme each week and Radio Kosovo transmits every Sunday a programme on farming between 1200-1245. Each company employs one person for this purpose. In addition other regional television and radio stations occasionally broadcast information on agricultural or gardening topics but rarely as scheduled programming. The project already has contacts and these need to be further strengthened.

There is no specific publication for horticulture. The Agrovista horticulture magazine was previously published monthly at 50 cents a copy and was a quality production, but publication stopped after 13 editions due to lack of

⁴⁰ Under the guidance of the EARs Agriculture Master Plan for Kosovo (AMPK)

demand. Even so there is a need during 2007 – 2009 to somehow involve commercial publishers in material development, publication and dissemination and possibly through joint cost sharing and planning.

Materials are relatively easily distributed at field demonstrations or through input suppliers, markets, training, municipality, association or NGO centres. Internet access is also readily available throughout most urban, and some rural areas, and recent surveys estimate that more than 63% of small businesses have computers⁴¹. This is a figure close to the European average and higher than some Mediterranean countries, such as Greece or Turkey.

Individual products have been promoted and linkages encouraged through sponsoring selected grower attendance at field days and open days as well as through their co-financed participation at agricultural fairs. Some of these are local (e.g. Prishtina/Gjakova) and the main regional ones are in Nowy Sad (Serbia) and in Thessalonica (Greece). Attendance has been seen as being a useful tool for initiating ideas and enterprise both from growers and project consultants and, if resources allow, needs to be continued. However between 2007 – 2009 consideration needs to be given as to how attendance can be better exploited and results measured. Feedback and follow up needs to be made with all participants, immediately following and some time after, attendance on actions taken. Records (supplier contacts and visual materials – photographic) need to be maintained of demonstrated technologies and suppliers. Follow up needs to be made of all contacts and to encourage them to visit and demonstrate in Kosovo.

Further linkages through horticulture websites (subscribed and non-subscribed) and downloading of materials needs to be encouraged, such as with the Horticultural Development Council of the United Kingdom or the Horticulture Council of Hungary, the Food and Agriculture Organisation of the United Nations www.fao.org, Natural Resource Institute publications or through regional training forums for horticulture such as www.frelectra.gr

2.4 Gender and Minorities

Currently the project has no specific gender strategy. However both genders are actively involved in horticulture production and marketing. Women have been seen to be particularly active in relation to field and protected production cultivations and including seedlings⁴² and compost preparation, processing of preserves (strawberry and raspberry) and compots⁴³, direct sales to consumers through roadside stalls and management of family finance. These activities need to be further encouraged between 2007 – 2009 and in particular to ensure that women are well represented at workshops, visits and meetings and in farm planning. Consideration needs to be given as to whether training should be provided through womens only associations, such as in Hareja, Rahovec.

In relation to minorities since the start of the project in 2002 the project has helped to promote wine production for the 113-member Serb association of Hoqa e Madhe, the development of new vegetable production techniques with the Turkish community of Mamusha as well as with the Ashkalia minorities in Xerxe, the establishment of cut-flower production with the Serb association in Lipjan, and of raspberry production with Serbs in Koretishte. However project attempts to work in Northern Mitrovice and Gjilan has been frustrated and despite good possibilities for horticulture production in both regions.

The project needs to continue to look at ways of continuing to involve minorities in programmes and particularly bearing in mind the ongoing ethnic tensions and the need for reconciliation (both regionally and within Kosovo). Both Serb and Albanian Kosovars would both benefit from visits to the famous pepper production areas of Leskovac in southern Serbia or to see stone fruit production in northern Greece. Follows up can be made of IOM horticulture support in Northern Mitrovice or assistance sought through the MAFRD office in Zvečan as a way of establishing contacts and programmes.

2.5 Cooperation with Other Programmes

The SPKP-K does not work in isolation in Kosovo and although World Bank finance support is still unavailable a number of donors are, and have been, active in agri-rural development for some time. But most of them have not been specifically focused on horticulture and many do not have the practical field experience of the SPKP-K. Efforts should be made in the 2007 – 2009 programme to further strengthen joint activities.

⁴¹ Reinvest 2002 annual report SME development in Kosova

⁴² 6 sites: Skenderaj, Lypjan, Mitrovica, Peja, Suhareka and Babush Muhaxhereve

⁴³ 2 sites: Babaj i Bokes and Debelde

The SPKPK already has positive experience of previously working closely with the FAO Clip and Sark programmes (now completed) and more recently the UNDP Support to Agriculture Organisations Project (SAO) and which is expected to continue. The project team have had less success in attempts to cooperate together with the European Agency for Reconstruction (EAR) or USAID programmes and despite projects that are ongoing and related.

24,000 hectares of land are currently irrigated and commercial vegetable, fruit and potato production is primarily centred within these areas⁴⁴. Considerable yield increases are possible from high value irrigated horticulture production⁴⁵. However only 35% of the area was effectively irrigated in 2004 and the use of boreholes and springs has grown. The EAR Irrigation Programme is helping to re-habilitate irrigation water channels and establish water users associations to improve overall management. The EAR Marketing Support Project in Kosovo (MSP) is looking at a whole range of activities to improve marketing and including raising of consumer awareness of Kosovar production, market information systems and market development, grower marketing groups, packaging, labelling and promotion and legislative issues throughout the food chain. Other EAR projects where joint activity or results exploitation may be possible include, the Rural Advisory Services Support Project (RASS), Local Development Strategies, Establishing a Food Safety Agency, the Agribusiness Unit (ABU) and the Agriculture Master Plan for Kosovo (AMPK).

USAID are supporting a number of food chain projects, including establishing and financing, cooling rooms/frigo-refrigeration, sorting and packaging investments through registered grower groups and most of which have already had contact through the SPKPK and GTZ have shown interest in cooperating with the project in relation to the collection, processing and marketing of wild herbs.

Opportunities also exist for further strengthening of linkages with horticulture programmes in neighbouring countries, such as the FAO and Swiss programmes in Albania. The UNDP programme in Vranje (Serbia) of SIDAs horticulture development programme in the Ukraine

The project team have already identified a number of potential projects that could be potentially financed by other donors or commercial enterprise. The team need to be encouraged to prepare and present these proposals.

3. Project Development Scenarios

The SPHPK is a well known and respected project within Kosovo amongst growers, buyers, service providers, Government and other donors. The project has achieved very practical and replicable field based results and maintains a highly qualified and experienced project team and core grower base. A real challenge for the project now is to further build on the project strengths and experience and to focus on tackling those issues in Kosovo horticulture that will have the biggest impact on creating and improving overall rural incomes. Challenges also exist in relation to results dissemination, scaling up of activities and helping to ensure the sustainability of programmes that have (and will be) developed and bearing in mind the limited (financial, human and time) resources that are available.

The project works throughout of product value chain i.e. from grower to consumer however the available resources necessarily requires the project to focus activities and to make assessments of priorities. The project has focused on five value chains and on specific products defined by market and production potential. The project has also largely used its own qualified professional team as the main drivers of activities rather than sub-contracting major components to other service providers or developing joint programme linkages.

In most cases production levels rather than market opportunities have seemed to be the main limiting factor in raising grower incomes and as a result the project has focused to a greater extent on improving varieties and growing techniques than on working particularly closely with buyers to develop unique or niche markets. However as the market develops this focus may need to change.

The project has also focused on tackling specific technical production issues with a selected number of growers and in order to ensure that practical and measurable field results are achieved and rather than taking a broader approach of

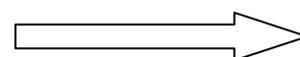
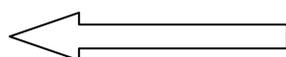
⁴⁴ Sprinkler and surface irrigation schemes are in Iber Lepenc/Radoniqi/Dukagjini/Drini Bardhe Peja/Istok and Lumi Bardhe

⁴⁵ Average incremental margins of 5.2 per ha for peppers followed by cabbage 1.8 and potatoes 1.4 (EAR figures)

generally informing growers of wider horticultural practices. Generally this has worked well as substantive results have resulted, however increasingly issues are being raised in relation to dissemination and scaling up of results.

Focus on field based results has also given the project real credibility with growers and other stakeholders. However major national and regional policy issues also exist, such as regional trade agreements or implementation of phytosanitary and other controls and in the longer term are likely to effect the rate of growth of the horticulture sector and these will need to be addressed.

Finally the sustainability of a horticultural enterprise will depend on the extent to which it can adapt and innovate, according to market opportunities, maintain and analyse data, prepare proper plans and manage (their own) finance and other resources effectively. The project so far has little opportunity to develop these commercial farm enterprise initiatives. The issues presented above are expressed in the following chart and presented as alternative scenarios for project development from 2007 – 2009.



Option	Comment	Comment	Option
Increase the numbers of value chains and products	Provides a wider range of options for growers	Provides for better specialisation	Reduce the numbers of value chains and products
Focus on low cost production options	Reduces the amount of investment required	Encourages further investment and innovation into the horticulture sector	Increase the range of technologies ⁴⁶ that are introduced within a value chain
Use own project team and “accredited” advisers to implement most of the project activities	Ensures better and more direct overall control of project activities	Is more complicated to manage but helps in the strengthening of sustainable horticulture service providers	Further sub - contract project activities and use growers and a range of other service providers for implementing project activities
Focus more on growers and production	Specifically tackles issues related to a current lack of sufficient supply of domestic production	Potentially enables higher incomes to be achieved by targeting higher value sales and price peaks	Focus more on post harvest, markets and adding value
Ensure all project activities are clearly defined as Swiss financed / priorities	Ensures better and more direct overall control of project activities	Helps in dissemination and scaling up of activities and resources	Develop more joint project initiatives with other donors and commercial sponsors
Focus on producing measurable and demonstratable field results	Provides real life solutions based on factual field results	Ensures that a larger number of growers are actively involved	Widely disseminate information on good horticultural practices and scale up results
Further focus on technical issues in the field	Provides real life solutions to immediate problems and based on factual field results	Helps the longer term stability through providing a sustainable framework for the horticulture sector	Focus more on policy support at national and regional levels
Direct and mentor grower activity and provide supportive/targeted finance	Enables rapid and replicable results to be achieved	Helps in creating more self reliance and innovation amongst growers in the horticulture sector	Enable greater participation of growers in decision making, planning, project implementation and funding
Focus on smaller (semi-subsistence) growers	Generally working with poorer growers with limited scope for future development in horticulture	Demands more structured and planned management approaches	Focus on growers interested in developing commercial horticulture enterprise

⁴⁶ Such as greenhouse production, nursery development or integrated production which is relevant to a range of fruit and vegetable products and is not necessarily product specific

There is no correct position to be on the scale and as the comments suggest there are benefits and constraints to each scenario. As a general statement between 2001 – 2006 the project has focused more towards the left hand scale than towards the right⁴⁷. The consultants propose that between 2007 – 2009 there is a need for the project activities to focus gradually more towards the right. This need not be a sudden transition but a general strategy that will better enable sustainability and transferability of results after completion of the project. Future evaluations of project performance should consider the extent to which this has been achieved. More detailed suggestions on how this may be achieved are outlined the general text and consolidated in the executive summary.

4. Team Resources

The proposed project resource for each year from 2007 – 2009 is CHF 900,000 per year and which is a similar level to previous project years and is intended to cover all local and international consultants time, plus reimbursables and any “development” funds. The project currently employs a full time international team leader and 6 full time local staff. This number is down from 2 full time international and 12 local team members in 2003.

The current local team includes a deputy team leader (also responsible for field vegetables, herbs/teas credit and farm inputs), a marketing/communication specialist, an economist (also responsible for ornamentals, business plans, gender and minorities), a fruit and integrated production specialist, a protected vegetable specialist, plus one person covering administration and finance.

It is an experienced committed and motivated team that have clearly defined and measurable responsibilities. The project has also invested a considerable amount in their development with team members attending more than 75 training workshops since 2001 and including study tours/training to Switzerland and Holland.

Based on a gradually changing emphasis for the project between 2007 – 2009 the team leader(s) will need to decide the extent to which individual responsibilities need to develop and how much additional resource will need to be employed (full or part time) or sub-contracted. However key areas that are probably in need of further re-inforcement include:

- Encouraging specific horticultural technologies, such as greenhouse production, integrated production, compost manufacture etc. and which are generic to a wide range of horticulture production and rather than product specific e.g. apple, strawberry, carrot or herb production
- Commercial horticultural management (business plans/finance etc.)
- Post harvest technologies and added value
- EU and regional standards, policy and legislation in horticulture
- Use of participative extension techniques
- Development of project proposals
- Training of trainers and service providers

5. Key Publications

European Agency for Reconstruction July 2006 The Irrigation Sector in Kosovo
European Agency for Reconstruction Marketing Services Project June 2006 Results of Potential Users Survey for Market Information Systems
European Agency for Reconstruction May 2004 The Agricultural Statistics and Policy Advisory Unit Kosovo (ASPAUK) Project Agri-processing and Marketing reports
Ministry of Agriculture, Forestry and Rural Development, 20th March 2006 Agriculture and Rural Development Plan Intercooperation SPHPK 2004 and 2005 Kosovo Import and Export of Fresh Fruit and Vegetables
Intercooperation SPHPK 14th January 2006 Internal Review of SPHPK Activities 2001 - 2005
Swiss Cooperation in Kosovo February 2006 External Review and Identification Mission for Future Domain Strategy: Business Development and Agro-Domain
V.E.K. Adviesgroep B.V. July 2006 The potential for a greenhouse horticulture industry in Kosovo

⁴⁷ Although not in all cases, for example, focus so far has not necessarily been on the smallest growers in Kosovo

6. Relevant Contacts and Acknowledgements

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