

Horticultural Promotion in Kosovo (HPK) is implemented by Intercooperation (a Swiss Foundation for Development) and is funded by the Swiss and Danish governments.

Horticulture Promotion in Kosovo

The overall goal of the program is:

“The Horticulture sector generates sustainable and broad-based employment and income and contributes to economic growth”.

HPK works throughout the market system, identifying key points that require support and development, and applies a range of market facilitation and direct intervention approaches. HPK commenced in 2001 and is currently in the fifth and final phase that will end in December 2012.

Case Study 1: Mamusha Collection Centre

Mamusha farmers and ETC – the leading supermarket chain in the country - have in 2009 marketed 380 tonnes of tomatoes; ETC expressed further interest in 2010, contingent on proper grading and collection from a single point. ETC approached HPK to support the initiative and work with them both to identify and address issues with implementation. Nehat Tac, a farmer-trader who operated this activity in 2009, indicated his interest in developing a Collection Centre, and coordinating the market initiative.

Activities and Results

- HPK led a study trip to Macedonia to improve knowledge of managing a Collection Centre
- Quality grades and standards were agreed between all parties, and HPK printed brochures and posters, as well as conducted a field day to improve knowledge amongst farmers on quality issues
- Nehat Tac prepared with HPK support a business plan for Collection Centre and identified the needed investment in infrastructure, out of a total of € 26'000 HPK co-financed €12,500.
- ETC required formalisation of the trade relation; meaning that farmers register for VAT and provide correct invoicing. HPK employed a consultant and software designer to provide a suitable solution. Payments were made through a joint account with a sub-account for each grower, developed through an agreement with ProCredit Bank. The result is 35 growers are now working

within the 'formal' economy, which is a new situation for small farmers in Kosovo.

- Cardboard packaging was preferred by ETC to the traditional wooden crates. However, due to customers' preference for buying a whole crate of tomatoes, wooden ones were accepted for this season.
- By early September 2010, 120,000 boxes (5 kg) of tomatoes from 35 grower have been marketed to ETC, plus some small exports, totalling over 700 tonnes. The average price has been over €2 per box, resulting in a turnover in excess of €250,000.
- In 2009 one grower (Exhevit) made 25 round trips to Pristina wholesale market to sell his tomatoes – this year he has made none! After delivering 8,500 boxes in 2010 to the centre, he plans to invest in increased production in 2011. Further to this, collecting 20% of the tomatoes in Mamusha through a single centre also relieved pressure on other market channels for all growers.

Key Lessons

- For a Collection Centre to work, it needs to be based on a focal person who is trusted locally and capable to manage the Centre
- Buyers' relations need to be long term and based on an shared understanding on farmers context.
- The project should be market led and not donor driven. Without ETC driving issues such as quality and VAT, the results would not have occurred.

- The scale and investments need to match the market and capabilities of the actors.
- Improved market access encourages producers to invest in their businesses.
- Sustainable investments will allow "crowding in" of similar businesses.
- A potential risk for the Mamusha success is to attract, too much donor funding and thus distorting the market.

The Context for HPK

Agriculture is one of the key sectors that will drive employment and income generation in Kosovo. Horticulture offers particularly high potential as a high-value and employment-intensive sector. Agriculture contributes approximately 25% of Kosovo's GDP, provides 30% of employment (potentially more if the informal sector is included) and accounts for 16% of the value of exports.

While Kosovo has traditionally produced fruits and vegetables, the command economy structures and services on which it depended were destroyed by over a decade of civil unrest and war. By 2000, the agriculture sector as a whole had been reduced to near subsistence levels.

The agro-climatic zones and natural resources of Kosovo allow for the production of a wide range of fruit and vegetables (including apples, tomatoes and peppers), yet the trade balance for

Photos Examples



Plugged Seedling – The use of plugged seedlings for vegetable production in place of the traditional method of bare-rooted seedlings has been supported by HPK. This has led to better quality and quantity of production.



Agrobiznezi - This farmer group in Radoste have been supported with machinery for sowing plugged seedlings, and now more than XX farmers in the group apply this technology.



HD Apples – HPK supported the introduction of high density apple orchards to increase production and quality of local apples. His has also included the introduction of new varieties.

Case Study 2: Agrocelina and Kelmendi - Exports

Agrocelina is based in Xerxe in the Anadrini region of Kosovo. More than 30,000 tonnes of peppers are produced in the area, along with cabbages, tomatoes, onions and cucumbers. In 2010, Agrocelina secured agreements with several companies totalling more than 2000 tonnes. Agreements are with the processors Etlinger, Biopak and Ask Foods, and with the export trader, Kelmendi. A satellite Collection Centre has also been developed in the nearby village of Dejnë to improve the efficiency of collecting produce from small scale farmers.

horticultural products is highly negative. In 2009 over €20 million imports stood against exports of €0.4 million. Whilst these data need to be treated with caution due to the 'grey' trade across regional borders, The trade balance for many locally produced fruits and vegetables shows the potential for locally competitive crops to expand. Figures from a major retailing group indicate that local production of tomatoes meets less than 10% of local consumption. Peppers are the most successful export crop with less than 2000 tonnes exported in 2009, against 7000 tonnes of imports when there is no local production (seasonality).

If Horticulture is to capitalise on this potential, the sector needs to produce high quality produce over a longer period to capture more of the local market and also export more of its crop. Farmers have to adopt modern techniques to ensure quality and efficiency and to improve their marketing guided by market demands.

Working with the whole market system

In addition to working with Agrocelina, producers in the region have been supported by HPK with improved technologies, implemented through nurseries and advisors. HPK has also invested in packaging (Eurograph), processors (Etlinger, Biopak and Ask Foods) and a second collection centre with Kelmendi. HPK also supported a satellite collection centres in a nearby village.

Most of the vegetable marketing in Kosovo is still based on the informal 'cash' trade without any documentation. As the trade volume and the number of participating actors increase this poses different problems in proper accounting and VAT issues. HPK has found practical ways how to formalize the trade with another Collection Centre in Mamusha and will implement these through Agrocelina.

Activities and Results

- Producers tend to pack all grades together, and traders do not send the right price signals to encourage grading to be undertaken. In collaboration with local actors, HPK produced a quality guide to act as the 'rule book' for producers and traders.
- Improved packaging for export peppers to northern Europe was required by Kelmendi. Through collaboration of Kelmendi and Eurograph in Xerxe, improved boxes have been used. HPK has co-invested with Eurograph in a box gluing machine to improve packaging quality.

- The total investment in establishing the Collection Centre was €33,000 mainly in cool storage and grading. HPK co-financed €15,000 through the Competitive Fund for Horticulture (CFH). HPK has also supported a number of other market actors associated with Agrocelina through CFH funds.
- By early September 2010, Etlinger has received over 300 tonnes, Kelmendi has exported 200 tonnes of cabbage and 150 tonnes of peppers, Biopak is starting to collect peppers for Ajvar production, and Ask Foods have recently signed an agreement for 300 tonnes of peppers.
- The improved marketing practice of Agrocelina will draw farmers into the formal economy as producers and traders recognize that cash payments will no longer be viable.

Lessons Learned

- Agrocelina shows the advantage of linking all the key actors in the market system within the same project activity. Interventions are less likely to succeed unless they address the whole market system.
- The Collection Centre scale and investments need to match the market demand and actors capacities.
- Improved access to markets will drive increased production, and give producers confidence to invest.
- Good leverage when market system problems are addressed with strategic key players the impact on the producer level can be higher



APC – APC have developed a range of frozen fruit and vegetable products. HPK supported them with investment via the CFH, as well as on raspberry production and helping them link with producers.



Apple Stores – To help extend the marketing period for locally produced apples, HPK has supported a number of on-farm apple storage facilities in all main growing regions of Kosovo.



Rosehip Production – Rosehip are a major wild harvested crop in Kosovo. HPK supported an inventory of locations of production in Kosovo.

Strategies and Approach of HPK

The overall strategy of the Project is market led and focuses on all levels of the sector. HPK works through a large number of actors in the horticulture sector. It is concentrating on improving the value chain with a number of interventions on all its functions (input supply, nurseries, production, and processing, trading and marketing transactions in Kosovo and abroad). HPK has progressively moved into promoting private business services (input, advice, financial services) and enabling the business environment in close collaboration with public and private entities. We are working towards sustainability of our project interventions by making them profitable and handing them over to the sector actors thus anchoring them in the sector system and increasing the chances of long-term benefit and future development of the horticulture sector in Kosovo.

HPK has operated in the Horticulture sector for more than 9 years. This combined experience, and the implementation of market facilitation techniques are used in designing and implementing interventions in the horticulture sector. The main principles and approaches are summarised below.

- Market Driven: If activities are to remain sustainable, they need to be driven by market demand rather than project driven. HPK has a role in developing market information to allow for better decisions, but not to create market demand directly.
- Light Touch: All activities should rely on strong participation from market actors. Co-financing activities to help actors manage risk and identifying market linkages are proven methods for projects to create a strong influence in the market without direct involvement
- Equity: Promoting opportunities for women and the interests of minorities creates a more stable system and broader participation
- A broad based approach: HPK is working on all levels of the sector system promoting improvements in the value chain, the services and the environment. It encourages the market actors to work in the formal economy; using reliable and modern inputs, and fostering private service provision (including advice and machinery services).
- Integrated Production and Improved Technologies: A sustainable production base is essential for the sector,

and Integrated Production is a major tool in achieving this. Providing better quality and safer food production is core to this methodology.

- Target Value Chains with good impact potential: Kosovo produces a wide range of fruit and vegetable crops, but targeting interventions in those with the most potential for import replacement and export will strengthen the sector. New crops are not supported by HPK.

Challenges for the future

Horticulture in Kosovo has shown the potential to increase stability of the country through increased employment and income. If the country relies less on imported food and increases exports with a strong market led local production base overall economic growth will be enhanced.

HPK is one of the major projects that will impact on the Kosovo horticulture sector in the coming years. The challenges of increasing production, meeting international standards of production, quality and food safety are considerable, but using the competitive advantages of a suitable environment, plentiful natural resources and proximity to markets should allow for these challenges to be met.

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