



Natural Resource Management
Rural Economy
Local Governance and Civil Society

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

Annual Narrative Report 2006
Phase III, from 01.01.04 to 31.12.06



DEZA
DDC
DSC
SDC
COSUDE



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Swiss Project for Horticultural Promotion, Kosovo

Annual Report (narrative) 2006

Summary

2006 was the sixth year of the Swiss Project for Horticultural Promotion, Kosovo (SPHPK). It has turned out to be a pivotal twelve months.

The internal review of the first five years of the Project was completed in early January and presented a clarification of SPHPK's approach and allowed a more informed understanding of the progress being made towards the twin goals of income and employment generation. Additional events during the year prompted the further refinement of the approach into the following three overlapping stages:

- (i) the promotion of the establishment and/or functioning of core value chains – itself divided into:
 - a. testing and demonstration,
 - b. assisted scaling up – leading to a critical mass of production that would facilitate the establishment of business development services, and
 - c. concentration on individual points of leverage,
- (ii) the promotion of sustainable business development services for these value chains; and
- (iii) the promotion of the horticulture business enabling environment.

2006 witnessed the start of the evolution of the approach away from that of 'core value chain promotion' and towards that of 'business development services' and 'the business enabling environment'.

The overall *promotion of the core value chains* within the 'ornamentals' component had been terminated at the end of 2005 after it had been judged that the actors had developed sufficient dynamism and experience. Further support to the component was to be limited to addressing remaining weak links identified in the chain. Similarly work had been stopped on the white beans value chain, the Project considering that it had done all that it could do to promote enhanced efficiency and expansion. 2006 was also the last year of 'assisted scaling up' of strawberries, local production being reported as having already captured 33% of the market along with evidence of continuing expansion. A similar story appeared with the carrot value chain where imports during the height of the harvesting season dropped by 69% from 2005 to 2006.

The increased emphasis on individual points of leverage was indicated by the establishment of specific cross-cutting components including input supply, nurseries, storage and processing.

Of particular note is the facilitation of links between two *international seed companies* and vegetable and ornamental clients leading to regular visits of the formers' regional technical representatives as well as proposals for the establishment of official representatives in Kosovo. Encouragement has been given to clients to visit the Agricultural Fair at Tirana – resulting in the first *export orders* for strawberry and apple planting material. Increasing work is being done on the *storage* of carrots, onions and apples. Support continues for nurseries – considered a key element in the health of the industry. The number of modern *top-fruit nurseries* supported has doubled to six while the consolidation that has happened with *strawberry nurseries* has left those remaining in a healthier condition. The latter sold more planting material privately than they did for the project-supported scaling up – an

indication that the sub-sector is beginning to take off and confirming the Project's decision to conclude its assisted scaling up programme.

Increasing emphasis has been put on *business development services*. Despite a poor track record, *collaboration amongst actors* was regarded as a key way forward for the industry. Halfway through the year the Project facilitated the establishment of pre-associations of two sets of actors - ornamental producers and greenhouse owners - in order to collaborate together for the advancement of their respective industries – and so far with encouraging results. Discussions were started with nursery owners and orchardists with the same purpose in mind. The Project recruited an additional staff member at the end of the year to lead such initiatives as from March 2007. Substantial investments were made in training a cadre of *private advisers* for the apple industry. More sophisticated generic *business plans* were produced for certain crops in order to inform financial institutions and a *credit product for the establishment of apple orchards* was established with the collaboration of Raiffeisen Bank.

Conditions became more favourable for involvement in the promotion of the *business enabling environment*. An MoU was signed with the Ministry of Agriculture, Forestry and Rural Development (MAFRD) formalising the collaboration that has been on-going since the creation of the Ministry. The document invited the Project to assist the Ministry in the *strategic planning* of the horticulture sector – and a start was made in the last quarter. Preparatory work was undertaken for the establishment of agreements between licence holders of protected apple varieties and project-supported nurseries for the multiplication of these modern varieties in Kosovo.

2006 was pivotal in another sense. It was to have been the last year of the Project and had a declining budget to match – with three of the 11 staff being duly laid off at the end of March. SDC had, however, already indicated its interest in extending the Project further and commissioned a review of its own Business Development domain in January which recommended that SPHPK be selected as one of two projects to form the core of the domain until the end of 2009. This recommendation was confirmed by a second review specific to the Project in June. SDC formally decided in December that Phase 4 of the Project would start in January 2007 for a period of three years.

SDC provided additional funding amounting to CHF 400,000 in June in order to maintain the momentum of activities in view of the impending extension and that preparations be made for the new phase. The funds were utilised, amongst other things, for the assisted scaling up of apple orchards (totalling 50 ha) as well as the recruitment of an additional staff member to take responsibility for the new 'Greenhouse as a Business' component.

Encouragement was also taken from visits of project identification missions of the Austrian Development Agency and the Danish Foreign Ministry – both of whom recognised the potential of the horticulture sector to make significant contributions to the development and stability of Kosovo.

Përmbledhje

Viti 2006 ishte i gjashti me radhe i Projektit Zviceran për Promovimin e Hortikulturës në Kosovë (PZPH-K). Vit i cili ishte shumë i rëndësishëm për dymbëdhjetë muaj.

Rishikimi intern i pese viteve të para të Projektit u përfundua në Janar dhe prezantoi qartësinë e qasjes së PZPHK-së duke mundur një kuptueshmëri me informuesë përkitazi me progresin e bërë në drejtim të dy qëllimeve për gjenerimin e të ardhurave dhe punësimin. Ngjarjet shpesh të ndërmarra gjatë vitit sollën përmirësimin e mëtejme të qasjes në drejtim të tri staveve që përkojnë pjesërisht:

- (i) promovimi i themelimit dhe/ose funksionimit të sistemeve të prodhimit dhe marketingut me të rëndësishme, të ndara në:
 - a. testim dhe demonstrim,
 - b. asistencë në zgjerimin e sistemeve të prodhimit dhe marketingut – duke krijuar një masë kritike që do të lehtësonte themelimin e shërbimeve për zhvillimin e biznesit, dhe
 - c. koncentrimin në pikat individuale shtytëse,
- (ii) promovimi i shërbimeve të qëndrueshme për zhvillimin e bizneseve sistemeve të prodhimit dhe marketingut; dhe
- (iii) promovimi i biznesit të hortikulturës duke e mundur edhe krijimin e rrethanave .

Viti 2006 dëshmoi fillimin e evoluimit të qasjes nga ky promovim i bazës së sistemeve të prodhimit dhe marketingut në drejtim të 'shërbimeve për zhvillim të biznesit' dhe 'krijimit të ambientit të përshtatshëm për biznes'.

Promovimi i sistemit të prodhimit dhe marketingut për lule dhe drunjtë dekorative është ndërprerë në fund të vitit 2005 pasi që u konkludua se arteret kishin zhvilluar dinamizëm dhe eksperience të mjaftueshme. Gjithashtu në vazhdim përkrahja e komponentës ishte e limituar sipas lidhjeve të dobëta të identifikuar në zinxhir. Ngjeshëm, puna ishte ndalur me fasule, duke konsideruar se Projekti kishte bërë të gjitha për promovimin e përmirësimit të efikasitetit dhe zgjerimit. Viti 2006, gjithashtu ishte i fundit në 'asistimin në zgjerimin' të dredhëzave, prodhimi vendor ka arritur në 33% të tregut duke pasur parasysh edhe evidentimin e zgjerimit të vazhdueshëm. E ngjashme është edhe me karotat ku importi i vitit 2006, gjatë sezonit me të volitshëm, kishte rënë për 69% në krahasim me vitin 2005.

Theksueshmeri e ngritur është thënë në aktivitetet që janë të rëndësishme për të gjitha sistemet, sikur , furnizimi me inpute, fidanishtet, deponimin dhe përpunimin.

E rëndësishme është përmirësimi i lidhjeve me përfaqësuesit regjional të dy kompanive baze *ndërkombëtare* të farërave dhe klientëve të perimeve si dhe atyre të luleve, përmes vizitave të rregullta të tyre fermerëve dhe shitësve të inputeve si dhe propozimet për themelimin e përfaqësuesve të tyre në Kosovë. Klientët ishin të inkurajuar për të vizituar panairin e bujqësisë në Tiranë – që rezultoi me porositë e para për eksport të fidanëve të dredhes dhe mollës. Ngritje e nivelit të punës është bërë në deponimin e karotave, qepëve dhe mollëve. Përkrahje vazhdon për fidanishtet – duke e konsideruar si element kyç në qendrueshmërinë e këtij sektori (industri). Numri i *fidanishteve* i *pemëve drunore* moderne është dyfishuar në gjashtë, ndërsa konsolidimi i arritur me *fidanishtet* e *dredhëzave*, bëri që ato të mbeten në gjendje me të shëndoshe. Ngritja e shitjes së mëvonshme të fidanëve në nivel me të ngritur privatisht se sa për nivelet e përkrahura nga projekti – paraqet indikacion se nëse sektori po fillon të funksionojë duke konfirmuar edhe vendimin e Projektit për konkludim se po ndihmohet programi i zgjerimit.

Përpjekje të shtuara janë bërë në *shërbimet për zhvillimin e biznesit*. Përkundër të dhënave të pakta, bashkëpunimi në mes të aktoreve ishte trajtuar si rrugë kyçe në drejtim përpara të hortikulturës. Që nga gjysma e vitit, Projekti mundësoi themelimin e grupeve jo formale për dy sektor – prodhuesit luleve dhe bimëve dekorative dhe pronaret e serrave – me qëllim të bashkëpunimit për avancimin e sektorit të tyre – dhe deri me tani me rezultate inkurajuese.

Bisedimet kishin filluar me pronaret e serrave dhe pemëtarëve me qëllime të përbashkëta. Projekti, kah fundi i vitit angazhoi një zyrtar shtese për të punuar me grupet e fermerëve që nga marsi i vitit 2007. Investime substanciale janë bërë në trajnimin e kuadrit të *këshilltareve privat* për sektorin e mollëve. Plane gjenetike të biznesit me të sofistikuar janë hartuar për të mbjella të caktuara me qëllim të informimit të institucioneve financiare dhe krediti për themelimin e pemishteve të mollëve është arritur në bashkëpunim me Raiffeisen Bankën.

Konditat u bënë me të favorshme për involvim në promovimin e *krijimit të ambientit të përshtatshëm për biznes*. Një Memorandum i mirëkuptimit është nënshkruar me Ministrinë e Bujqësisë, Pylltari dhe Zhvillim Rural (MBPZHR) duke zyrtarizuar bashkëpunimin i cili ishte në vijim që nga themelimi i Ministrisë. MBPZHR ftoi Projektin për asistimin e Ministrisë në *planifikimin strategjik* të sektorit të hortikulturës – fillimi ishte bërë në kuadrantin e fundit. Puna përgatitore ishte bërë për themelimin e marrëveshjeve në mes të bartësve të licencave të varieteteve të mollëve të mbrojtura dhe fidanishteve të përkrahura nga projekti me qëllim të shumëzimit të këtyre varieteteve moderne në Kosovë.

Viti 2006 ishte përqendruar në një sens tjetër. Ishte e parapare që ky të jete viti i fundit i Projektit dhe përballej me buxhet të pamjaftueshëm – me tre nga 11 anëtarët e stafit të mbetur në fund të marsit. Sidoqoftë, SDC, tanimë kishte dhënë indikacione për interesim në vazhdimin e Projektit dhe mandatoi rishikimin e sektorit të Zhvillimit të biznesit privat në Janar, duke rekomanduar që PZPHK të zgjidhet si njeri nga dy projektet për të krijuar bërthamën e fusheveprimtarisë deri në fund të vitit 2009. Ky rekomandim është konfirmuar me rastin e rishikimit të dytë, specifik për Projektin, në qershor. SDC, në dhjetor, formalisht vendosi që faza e 4 e Projektit të filloje në janar 2007 për periudhën tre vjeçare.

SDC siguroi një fond shtese në shumë prej CHF 400,000, në qershor, me qëllim të mirëmbajtjes së aktiviteteve momentale nga këndvështrimi i zgjerimit të vullshëm dhe përgatitjeve për fazën e re. Fondet ishin shfrytëzuar, në mes tjerash, për asistimin e zgjerimit të ngritjes së pemishteve të mollës (50 ha në total) e gjithashtu edhe pranimin e një anëtari të ri të stafit lidhur me marrjen e përgjegjësisë për serra.

Inkurajimi gjithashtu ishte marrë nga vizitat identifikuese të misioneve të projektit nga ana e Agjencionit Austriak për Zhvillim dhe Ministria e Jashtme Daneze – nga të cilat që të dyja mirënjohjen potencialin e sektorit të hortikulturës për kontribut kuptimplote në zhvillimin dhe stabilitetin e Kosovës.

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Planning

Internal Review

The Internal Review - undertaken over a six month period - was issued in January. The report presents the project's evolving strategies since its inception in 2001, the activities that it has undertaken as well as the results obtained. It examines the potential of some of its initiatives and identifies subjects worthy of future investment. Corrected and simplified issues were produced in March and May and entitled '*Promoting Horticulture in Kosovo*'.

SDC Agribusiness Domain Review

SDC fielded a review of its Agri-business Domain (of which SPHPK forms a part) in the latter half of January and implemented by Agridea of Switzerland. Its mission was to formulate recommendations for the strategic orientation of SDC's agro-economic domain programme for the coming mid-term period. The 1½ days allocated to SPHPK was mostly spent on field visits and covered all components.

In its debriefing the team stated that it would be unwise of SDC to terminate the project as planned at the end of 2006 – just when the investments it had made were starting to bear fruit – and recommended the Project's continuation for a further 3 years. It considered that the Project's involvement in scaling up was crucial for attaining a critical mass of production that would itself lead to the consolidation of the achieved results. The creation of this critical mass of production would also expose previously unnoticed bottlenecks related, for example to domestic competition, collection and distribution of produce and financial services. The team considered that increasing emphasis should be placed on developing the enabling environment.

SDC held an internal review in Pristina at the end of the March to determine the broad lines of its investment in Kosovo in this domain for the 3-year period from 2007-09. The Project was subsequently informed that the Domain would essentially comprise two pillars – Vocational Education and Horticulture.

SDC Additional Funding 2006

In April SDC offered the possibility of additional funds for 2006 to be used in the preparation of the future phase and to maintain the momentum of the Project in the light of the declining FOM budget. A draft Project Document was submitted to SDC later in the month. SDC approved the additional funding of CHF 400,000 in June.

Planning Mission for Phase 4

SDC fielded an Identification mission in June that was to recommend action lines for Phase 4. The mission's report provided a good analysis of the situation and made recommendations for the up-coming phase that met ready acceptance by the team. It proposed that increasing emphasis should be placed on promoting the enabling environment.

Phase 4 Credit Proposal

Staff started working on the Planning Platform in July for the new phase and IC's draft was discussed with SDC in Bern on 22 August. During the meeting SDC raised the possibility of a further extension up to 2012 should the situation in 2008 warrant it.

Work on the Project Document commenced in September and SDC gave formal approval for the project in December. The Goal, Outcomes and Outputs of the phase are presented in Annex 1.

Other donor interest

Two visits each were received from scoping missions representing the Austrian Development Agency and the Danish Foreign Ministry - both of which expressed their interest in the project and its approach and their impression that horticulture represented a major potential for the economy of the country.

Concept papers for the separate funding of 'Greenhouse business development' and 'Plant and human health' were prepared (with the agreement of SDC) in view of the likely insufficiency of funds in the next phase to do justice to these important components. They were presented to both missions.

Value chains

Clients

The project worked with 342 clients in 2006 in the promotion of value chains. Much of the increase from the figure in 2005 – 185 – was related to the scaling up of strawberries and apples. The details are provided in the table below.

SPHPK – Number of direct clients			
2005 and 2006			
		December	
		2005	2006
Field vegetables		31	38
	Carrots	7	15
	Onion sets	7	7
	Onion seeds	3	9
	Garlic	6	7
	White beans	8	0
Soft fruit		86	107
	Strawberries	68	88
	Raspberries	5	8
	Blackberries	7	7
	Currents	0	1
	Nurseries	6	3
Top fruit		32	111
	Apples	26	104
	Pears, Plums	3	3
	Nurseries	3	6
Ornamentals		19	28
	Bedding plants	9	11
	Cut flowers	5	5
	Herbaceous	3	6
	Compost	2	6
Herbs & teas		11	28
Greenhouse production		9	14
Total		188	326

Field vegetables

Carrots

The numerous constraints that still existed in the carrot value chain during 2005 included the concentration of production for the main pickling season of September when prices are at their lowest; the small production units (typically around 0.2 ha) – largely as a result of labour bottlenecks at land preparation, sowing, harvesting and washing; the lack of storage to allow sales during the high-priced off-season - and the generally poor quality of produce. These factors limited the quantity and quality of production of carrots in Kosovo and left open the door to imports.

Attention was given to addressing all these constraints through continued collaboration with farmers in Rahovec – while a limited scaling up was started in Podujeva – the first time that the project had worked in that municipality.

Hybrid seeds

The project arranged the delivery, and co-financed 50% of the cost of, hybrid carrot seed (total cost per ha €636) with nine farmers in Rahovec who had showed their willingness to expand production. The increase in quality was significant and no further financial promotion of the purchase of hybrid seed will be needed in the future.

Machinery



Three types of machines were promoted during the season. The first was a tractor-mounted bed former, costing €11,000, which was pre-financed for one farmer (and potential machinery service provider) in Rahovec against a 75% return component that involved providing limited free cultivation services to other clients. The machine arrived late in the planting season and, while its use did not affect the levels of production, it created, considerable interest amongst producers since the depth of its cultivation allowed unrestricted growth of the root thus leading to long, uniform and attractive carrots. Moreover, harvesting with the tractor-mounted lifter – introduced by the Project as far back as 2004 – was conducted successfully for the first time on land prepared with the bed-former – thus significantly reducing the labour bottleneck at

harvest. Signs are that many more farmers will use the machine in 2007.

The second machine – a tractor-mounted pneumatic drill costing €10,700 – was provided under the same conditions to the same producer. It has allowed the precision sowing of carrot (and onion) seed and its use will allow the expansion of individual units.

Since carrot washing has been another labour bottle-neck, the third machine – in fact three washing machines manufactured in Serbia - were imported and supplied to three farmers with a 50% co-financing. They have proved a success and have led to a more hygienic and better presented product. Some farmers plan to manufacture more washers in Kosovo for the next season.



Fleece and sequential sowing

Farmers have timed production overwhelmingly in order to harvest the (low-priced) pickling season of September. The idea of sequential sowing was introduced – utilising insulation fleece for the very early crops. Only one client took up both ideas and was able to market carrots in Peja in early June – one month earlier than previously – earning a price of €0.50/kg (compared to €0.25 once month later).

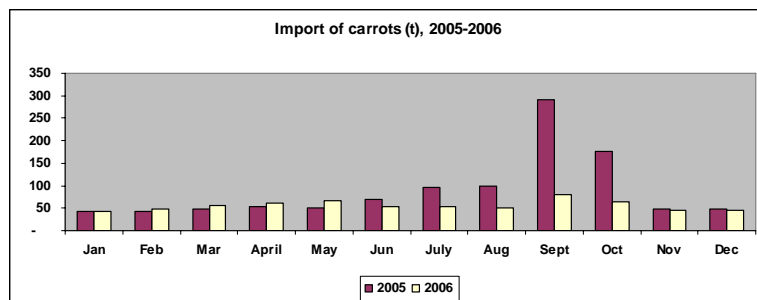
Storage

One client from Rahovec has been assisted by the Project to utilise a basement for storing carrots on a pilot basis. A simple design was provided with the main investments being plastic storage boxes, ventilators and plastic conduit pipes. 10 tonnes were stored and are expected to be sold as from between January to March targeting a price of at least 50% more than that during the main season.

<i>Carrot clients - 2006</i>			
<i>Municipality</i>	<i>nb clients</i>	<i>Area - ha</i>	
		<i>aver</i>	<i>total</i>
<i>Rahovec</i>	9	0.44	4.0
<i>Podujevo</i>	4	0.23	0.9
<i>Total</i>	13	0.38	4.9

Results

Although the project only worked with 15 clients directly on carrots, many other farmers in Rahovec started, or expanded, their carrot production during 2006. Even though some of the innovations introduced in that year will not show results until 2007, the reduction of imports in the height of the season – September and October - from 2005 to 2006 has been - at 69% - quite dramatic (see figure). The quality of the produce also improved. Other clients have been convinced – for example, 15 have already placed orders for hybrid seeds 2007 without any project financing, several are planning to manufacture or buy washers and many intending to expand operation utilising the new machinery.



The data also indicates that the quantity of imports during the off-season (November to June) changed little over those of 2005. This suggests that the Project should no longer invest in scaling up but rather concentrate on consolidating improvements already introduced, promote

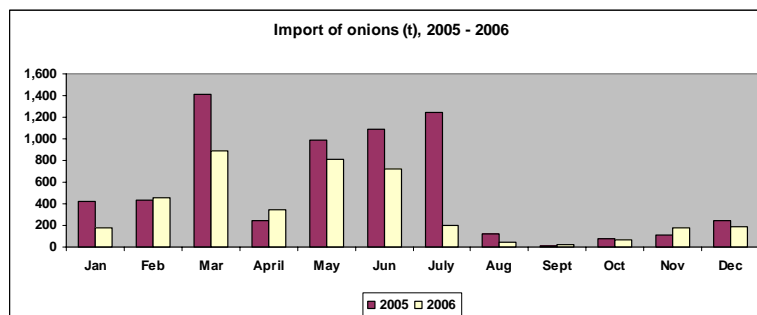
increased on-farm storage and investigate the potential for exports out of season.

Onions

Many of the issues facing onions are similar to carrots – indeed most project clients in Rahovec and Podujeva cultivate both crops.

Sets

Traditionally sets (ie small bulbs) have been used as planting material – a practice that involves an important labour bottleneck during planting by hand.



A tractor-mounted set planter costing €650, that was successfully introduced to Rahovec farmers during 2005, has been handed over to a farmer/service provider under an agreement that includes a return component. Demand for his services is increasing since the set

planter requires just 8 hours per ha compared to the 5-7 man days for hand planting.

A new set variety – *Setton* - was introduced from the Netherlands to a farmer in Rahovec but gave no better result than existing varieties.

Seed

The use of hybrid seed is meant to offer considerable advantages. Three varieties were introduced to six farmers in Rahovec and Podujeva. One Rahovec farmer has achieved particularly good results with a yield of 30 t from 0.35 ha (equivalent to 85 t/ha) and produce of high quality regarding shape, colour and taste. His experience has convinced many farmers to shift from sets to seed in the coming year where irrigation is available.

Storage

The same client has been co-financed by the Project to establish pilot on-farm onion storage. The latter comprises three slatted wooden boxes with a capacity of 20 tonnes. Storage is expected to be carried out for between 3-6 months with a price target of 70-80% higher than during the main season.

Garlic

Project investment into the garlic value chain limits itself to the introduction of improved varieties and improved multiplication procedures.

Farmers used to plant garlic cloves that they saved for many years leading to a continually declining quality and yield.

A new autumn variety of garlic "Bosut" from the Institute of Field and Vegetable Crops, Novi Sad, was introduced in the autumn of 2006 for testing and multiplication to four farmers in Rahovec and Istog. The farmers' initial impression is very favourable and, if it continues to perform well, they plan to replant all the production for further multiplication.

The garlic multiplication plot of 0.35 ha in Istog that was established in autumn 2005 in a plot on which garlic has never been planted has produced 2 t of good quality planting material. All the product has been sold for planting to farmers mainly in Istog municipality.

The Project organised two visits of farmers from Rahovec (the main garlic production area) to the garlic multiplication site in Istog in order to facilitate interaction. Two Rahovec farmers have now bought cloves from Istog. In addition, 200 kg of garlic cloves were provided free to two farmers in Podujeva as part of the multiplier's return component.

Soft fruit

Commercial strawberry cultivation has been introduced by the project as an employment and income generation activity for rural families. In 2005, 39 clients cultivated 9 ha and local production (by project clients and others) captured 17% of local market. 7 tonnes of jam were produced and marketed.

Data collected from clients has been used to develop crop costings and business plans that have, in turn, illustrated the potential of the strawberry industry to generate income and employment.

Activities in 2006 were focused on: (i) consolidation in plantations established in 2005, (ii) assisted scaling up on 20 new sites in four new municipalities and (iii) introduction of new species.

Consolidation of existing strawberry plantations

The 30 scaling-up plots established in 2005 were monitored – all but one showed showing satisfactory performance. New technologies like plastic mulch, fleece and drip irrigation have demonstrated their advantages compared to fields with conventional production. The much wider demand for such material has convinced local suppliers to keep sufficient quantities in stock so that direct importation by the Project is no longer necessary. Advice on crop management was provided by two service providers engaged by the Project. Other farmers that have independently established fruit production have been identified and contacted. Many of them sourced their planting material from project-supported nurseries.

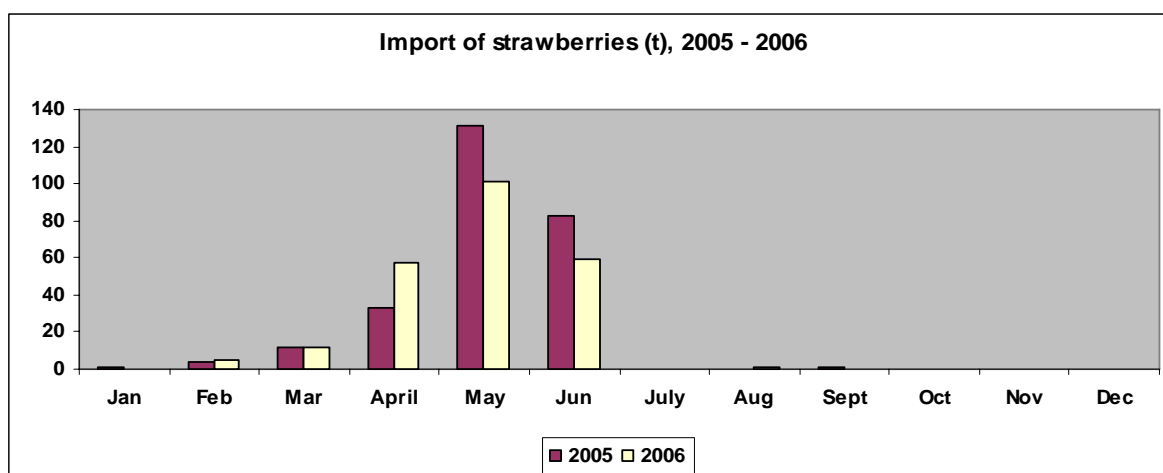
No incidence of disease has been reported – and farmers in Debelde used no agro-chemicals at all – save for fertilisers.

Marketing support was provided to strawberry clients including links to traders and, for last year's scaling up clients, improved packaging for a proportion of their expected production. Training was provided in the household manufacture of jam.

Import of strawberries

Local production captured around 33% of the Pristina Wholesale Market (the principle market in Kosovo) according to an estimate of the President of the Pristina Wholesale Market Association. This compares with an estimate of 17% for in 2005 and zero in 2001.

This estimate is reflected in the more substantial data coming from UNMIK Customs indicating a reduction of imports in May and June of 20% compared to those of 2005. Imports, however, increased by 70% in the earlier month of April – indicating the need to promote indoor production. (Imports over the three months together were reduced by 12%.)



Source: UNMIK Customs

Indoor strawberries

Indoor strawberry fruit production is being piloted on one site by using locally-produced runners and compost bags.

Assisted scaling up in 2006

Strawberries

Assisted scaling up of strawberries commenced in the autumn with 20 new clients on four sites establishing 4 ha in 4 municipalities (Gjakova, Suhareka, Klina and Istog) – each with 0.2 ha. (Planting on a fifth site – Prizren - has been postponed to the spring because of waterlogged conditions.) Selection was carried out in conjunction with the municipalities. Each client received runners for the whole area (against a return component) and plastic mulch and fleece for demonstration purposes (enough for 0.05 ha each). In 80% of the cases farmers have subsequently financed the purchase of plastic mulch to cover the rest of their plots.

This second, and last, year of scaling up was accomplished with the expenditure of much less staff time. Neither project staff nor service providers were used in providing advice – clients were simply directed to visit older clients to ask for guidance.

Raspberries

A limited scaling up of raspberries has started in Debelde with 3 farmers involving a total of 0.7 ha as a result of the success in mastering multiplication techniques by the nursery at Babaj Bokes. This exercise has demonstrated real potential for getting a first income during the year of planting if canes are planted at a higher density. The commercial implications, however, have yet to be determined.

Introduction of new crops

A limited number of six varieties of red and black currant bushes have been imported from UK and are being tested under Kosovo conditions. Plans to import blueberry had to be postponed until 2007.

Top fruit

By the beginning of 2006, a large part of the assessment of the 28 newly introduced apple varieties had been carried out on some of the demonstration orchards and had provided an initial indication of which varieties were going to perform well in Kosovo conditions as well as some indication as to consumer acceptance. The assessments also highlighted the low level of knowledge of the owners of the demonstration orchards of modern crop management techniques.

2005, itself, had witnessed a tentative start to the scaling up of modern apple orchards with 6 ha planted representing a total of 9 new orchards – the expansion being limited by the quantity of planting material available from project-supported nurseries. Further scaling up and the promotion of better understanding of orchard management were to be the main points of attention for 2006.

Assisted scaling up of apples

It has been estimated that Kosovo requires around 700 additional ha of modern apple orchards to be able to substitute for the current level of imports.

Assisted scaling up of apples by the Project was designed to help kick-start the revival of the apple industry after the recent devastation by reducing the perceived risk of farmers who wanted to establish orchards and by building a confidence within the farming community that the industry had a bright future.

While sufficient funds in the FOM budget only allowed for the assisted scaling up of 20 ha, nurseries were requested in February to bud sufficient rootstock with improved varieties for 60 ha – in the hope that additional funds would be received half-way through the year from SDC to finance the higher target. The lower budget was used as a down-payment on the trees.

The strategy of scaling up was discussed and agreed with MAFRD. It was to involve six municipalities in the historical apple belt covering the regions of Dukagjini and Anamorave (see table). Contact was made with the municipalities and three of them volunteered to contribute to the financing of the programme. Criteria for client selection were established and agreed by the parties. One condition stipulated that the applicant did not already have a commercial apple orchard (this to distinguish the programme from a parallel collaboration with Raiffeisen Bank to offer credit for commercial orchard establishment - see *Financial services*).



A committee was established in each municipality representing the Department of Agriculture of the Municipality, a representative of MAFRD and a service provider representing SPHPK. Each committee was responsible for publicising the programme in its municipality (through TV, radio, magazines and information boards), screening applications, visiting the farms of short-listed candidates and making the final selection. A total of 150 applications were received.

Five service providers were engaged by the Project at the beginning of the season to promote the scaling up programme. They were trained in sessions on plant protection, plant nutrition, irrigation, field design, rootstock and variety characteristics and young tree planting.

50 ha were subsequently established in October and November comprising 81 orchards throughout the six municipalities. The total cost of establishing these 50 ha is estimated at € 640,000. The Project financed the planting



material (supplied from project-supported nurseries) and the technical advice (provided through 5 project-supported advisors) thus contributing 17% of the total cost. The municipalities' contribution to support structures amounted to 5% - while the contribution of the farmers amounted to 78% of the total investment averaging €12,750 per hectare. The details of the programme are presented below:

Assisted scaling up of apples - 2006				
Municipality	No. of farmers	Ha planted	Av size ha	Municip contribtn
Peja	9	5.4	0.90	0
Deqan	21	12.9	0.61	15,000
Gjakova	16	10.4	0.65	10,000
Viti	18	10.4	0.57	10,000
Gjilan	11	5.4	0.50	0
Kamenice	6	5.4	0.90	0
Total	81	50.0	0.62	€35,000

Presentation of results was done in an Apple Day organised in Pristina in November chaired by the Deputy Minister and involving institutions, farmers, nurseries and the media. Participants voiced their opinion that the scaling up had given an important momentum to the establishment of the industry and urged the project to repeat the exercise.

A more detailed review of the process was carried out in Gjakova with the nursery owners and advisory service providers involved - and lessons drawn. It was noted that further training of SPs was required and more technical literature for clients needed to be produced.

The management of established orchards

A series of 14 training sessions throughout the season were organised on the subject of the management of established orchards. The topic was treated under three main subjects:

- o plant protection – provided by a professor from Tirana University
- o plant nutrition – provided by a professor from the University of Pristina, and
- o irrigation management – provided by a professor from the University of Pristina.

Each training, which lasted one day, comprised one theoretical session followed by a practical session in an orchard. Handouts in Albanian were issued.

Trainees comprised mainly potential service providers, some of whom were also nursery owners, along with some orchardists. Members of the three apple associations supported by KCBS were also invited but took little advantage of the opportunity. The emphasis was placed on the training of service providers in order to develop a cadre of professional advisers to service an eventual expanded industry. Attendance at the training varied from 11 to 23 with an average of 17.

Ornamentals

The Ornamentals component in 2005 incorporated three main lines of activities: Bedding Plants, Herbaceous Trees & Shrubs and Worm Compost. In the light of the dynamism that had developed in the sector, it was decided early in 2006 to terminate support to the ornamental value chain as a whole and to limit further interventions to specific weak links and leverage points.

The production and marketing of bedding plants, for instance, was considered interlinked with that of greenhouse operation with many of the bedding plant producers also being major indoor vegetable producers. It was considered, therefore, that technical interests of bedding plant producers could be more appropriately addressed within the context of the Greenhouse Business Development Group (GBDG) that was established in September

2006. This issue is, consequently, dealt with under GBDG in this document – as is that of the promotion of *worm compost*, the latter being destined, initially, mainly for the greenhouse industry.

For similar reasons the promotion of the production of *herbaceous trees & shrubs* is reported under 'Nurseries'.

Herbs & teas (Medicinal and aromatic plants)

The main objectives of the Project's involvement in this sector included the continued development of our main client Agroprodukt as a service provider, the further scaling up of herbs and tea cultivation in Dragash Municipality (by utilizing the return component from Agroprodukt) and the improvement of collaboration between actors involved in the sector.

The project's main client – Agroprodukt - finalised two marketing contracts, in February and December, worth a total of (€ 110,000), with Martin Bauer, a major German herbs trader - thus opening the way to an important and reliable market. The exported products



comprised blueberries, juniper berries, elderberry flowers, cowslip and linden.

Several other smaller companies that export to neighbouring countries exist in Kosovo but would benefit from improved collaboration between themselves. In order to assist in this, the project has organized two visits to Albania that is much more advanced in the herbs and teas sector than Kosovo (exports to US and Europe total \$ 11M/year). The first visit, with seven clients, was designed to introduce them to a wide range of actors – including 8

companies and 2 projects. The second was to attend the annual meeting of the Albanian Essence Producers and Cultivators Association. Two meetings of KOMAPA – (Kosovo Medicinal and Aromatic Plants Association) - were organized at SPHPK as well (see under 'Interest groups')

The expected expansion in herb and tea cultivation (as a result of the completion of the processing chain in Istok and the establishment of marketing links with Germany) has taken place with 16 new clients in Istok and Dragash planting a total of 3 ha. All planting material, technical advice and booklets were provided by the service provider Agroprodukt as part of its return component for the co-financing of the processing chain. The farmers in Istog are more encouraged than those in Dragash due to the fact that they are geographically much closer to Agroprodukti as an outlet for marketing. The challenge for coming years is to improve collaboration between farmers in Dragash and the processors there – "Junipery fructus" and "Hit".

The need for a technical study on the availability, volume and location of commercial quantities of wild herbs & teas for collection in Kosovo was identified. Two professors of Pristina University, with long experience in the sector, have been selected to conduct the study. ToRs have been finalised and the study will be carried out during the 2007 vegetation year, starting from April.

The proposed collaboration with GTZ has not materialised – but a constant sharing of information occurs with KCBS.

Nurseries

Soft fruit

Project-supported soft fruit nurseries currently comprise one that produces strawberry, raspberry and blackberry planting material (Babaj Bokes) and two that produce just strawberry runners. The number of strawberry nurseries has, therefore, consolidated from the previous six to just three.

Raspberry and blackberry

New techniques of propagation have been introduced and tested at Babaj Bokes that have overcome previous difficulties and have led to a reliable method of raspberry and blackberry cane production from root cuttings and soft wood. Propagated raspberry canes, for instance, have matured earlier than anticipated and, when used for scaling up in Debelde, produced small quantities of fruit in the first year – as opposed to the previous experience of one year longer. The new process allows for a larger number of canes to be propagated from a single mother bush and a higher number of canes to be produced in a given area – all leading to the possibility of more profitable (or cheaper) planting material production.

Blackberry producers from Zhegra visited the nursery at Babaj Bokes in the company of the Permanent Secretary of MAFRD as a part of a knowledge sharing exercise.

All three blackberry varieties selected in 2001 have shown good performance.

Strawberry

Nursery organisation: The consolidation that has occurred with the *strawberry nurseries* has left those remaining in a healthier condition. The latter sold more planting material privately than they did for the project-supported scaling up – an indication that the sub-sector is beginning to take off and confirming the Project's decision to conclude its assisted scaling up programme.

Nurseries have signed an agreement with Meiosis – the rights holder of the protected variety Pegasus – that allows them to multiply the variety without paying royalty for a period of five years.

The Project has ceased importing strawberry planting material itself – 2005 being the last year that it did so. All imports in 2006, therefore, were on behalf of the three nurseries and were pre-financed fully - and for the first time - by themselves. The Project did, however, take responsibility for organising the importation. The nursery owners have been informed that the Project will no longer take the responsibility for such organisation in future – but will assist the nursery owners with advice and contacts.

The Project supported two of the nurseries to exhibit in the Agricultural Fair in Tirana - leading to the first *export order* for strawberry planting material by the nursery at Lluke – amounting to 18,000 runners.

Multiplication for indoor production: Special procedures for runner production for strawberry indoor fruit production have been introduced in Babaj Bokes - with 5,000 good quality runners being produced. This technique involves an early separation of the runner from the mother plant and the nurture of the runners in pots in a greenhouse.

Alternative planting material: In the attempt to come earlier in the market some farmers individually have tried runner propagation from seeds. This has proved unsuccessful.

Top fruit

Quality nurseries are the foundation of a healthy top fruit nursery. The 3 nurseries that the project had been supporting so far were the only ones in the country to engage in producing apple trees on vegetative rootstock (more recommended for commercial

production than on generative rootstock¹). Awareness within the farming community about differences in vegetative and generative rootstock was still low. Moreover, poor quality planting material (much of which was allegedly diseased) was still being imported from Serbia. The vast majority of tree sales appeared to be destined for household gardens.

The focus on project interventions in 2006 was placed on (i) the establishment of three new modern nurseries, (ii) the training of the new nursery owners as well as the further training of the existing modern nurserymen, (iii) the utilisation of some of the nurserymen as advisory service providers and (iv) the protection of historical varieties.

The establishment of three new nurseries

Three new top-fruit nurseries were established in 2006. Once in full production, these nurseries will have the capacity to produce around 120,000 high quality apple, pear, plum and cherry trees annually – equivalent to about 100 ha of orchards.

One client was proposed by MAFRD, while two were selected by the project on the basis of the following criteria:

- basic knowledge on fruits;
- willingness to utilise vegetative rootstocks as appropriate;
- willingness to follow advice and share information within the nursery sector;
- intention to produce commercially;
- possession of good land and appropriate equipment.

The international horticultural advisor was used to evaluate the potential of the selected clients and as well as the sites where new nurseries were planned.

Planting material was imported from Frank P. Matthews, UK, a nursery with which Intercooperation has been dealing for over 15 years. The choice of varieties was based on discussions with the future nurserymen, the service providers engaged on variety assessment as well as recommendations from farmers with experience in growing those varieties. The list of material imported comprised:

- Whole trees of 17 apple varieties chosen out of the list of the 28 originally introduced in 2001,
- Apple rootstocks for establishing stool beds - dominated by three types identified as more suitable for intensive and semi intensive orchard establishment, ie M9, M26, and MM106.
- Two plum varieties.

All imported material was virus-free tested, licensed and certified by the authorities in the country of origin.

¹ Trees produced on generative rootstock fruit earlier (first commercial crop in the third year after planting), have higher production per unit of area and are easier to manage due to their short height. The disadvantage of using generative rootstock is its greater cost of establishment per unit area due to the higher density of planting and the necessity for a support system. Trees on vegetative rootstocks do not produce a first commercial crop until at least the 5th year, lead to very tall trees that are difficult to manage requiring special equipment for pruning, spraying and harvesting. No support system is required, however, and the method is more suitable for dry areas.

Training of nursery owners

All six nursery owners were trained in the latest nursery techniques including: (i) best practices in graft wood production, (ii) bench grafting, (iii) use of sawdust, (iv) variety identification and marking, (v) introduction of crab apples to promote pollination in orchards, (vi) establishment of scion hedgerows, (vii) stool bed management, (viii) planning of future variety propagation and (ix) identification of the best varieties through further assessment of varieties via workshops with nursery men and service providers.

Other top fruit rootstock production

Attempts at establishing production of pear, plum and cherry rootstock have failed so far. Measures are being taken to overcome the problems encountered including the introduction of Quince rootstock for pears, of Gisella rootstock for cherries and improving cultivation practices for plums.

Variety assessment

Apple variety assessment continued for a third year through the utilisation of a service provider and is expected to be completed and the results published by 2007. Some differences in characteristics have been noticed in some varieties compared with their characteristics when grown in UK - especially in terms of colour.

Plum varieties were assessed for the first time on the three types of varieties that had been imported in 2002 & 2003, ie varieties for:

- fresh consumption (7 varieties)
- fruit drying and processing (3), and
- home brandy production (2).

Nursery men visited plum orchards during the season in Molliq and Prejlep to inform themselves on the variety characteristics and to collect bud wood.

Pear and cherry assessment will start in 2007.

Heritage apples

The safeguarding of historical apple varieties is considered important in order to preserve possibly useful characteristics. The international horticulture advisor was used to identify potentially disease-free areas for eventual local apple orchard establishment while a local consultant was engaged to identify and mark old local apple varieties in the Dukagjini Valley.

Other developments

One nursery owner obtained the first export order for apple trees involving the sale of 600 trees of non-protected varieties to a farmer in Albania. This development has occurred much earlier than the Project expected.

The nursery owners are aware that they need to obtain licence agreements if they are to sell varieties protected under Plant Breeders' Rights (PBR) legislation – and that the organisation of themselves into an association would facilitate such a step. Meanwhile MAFRD was steering draft legislation on PBRs through the Assembly.

Herbaceous trees & shrubs

The production of herbaceous trees & shrubs was identified as a potential area of growth in view of the increasing domestic demand now that most of the destroyed housing stock has been replaced. Weaknesses identified in the industry included the narrow range of species and varieties produced, the low technical capacity and quality control, and management and business skills. Potential was identified in strengthening landscape gardening as a value-added product and the marketing of the products along with fruit trees to home owners.

Assistance was given to two nurseries (in Suhareka and Ferizai) to expand the range of their herbaceous businesses through the import of 21 species including 54 varieties of

ornamental trees and shrubs. Advice was given on the establishment of the mother plants and root-stock beds. Plants imported for a third nursery - that dropped out at the last moment – have been containerised in a contract with another nursery and will be available for transplanting in the spring of 2007. The third client has been identified and is based in Junic.

Attempts to arrange the services of a landscape specialist to provide training to the nursery owners through the Swiss Contact Senior Experts Programme proved unsuccessful.

A limited number of nursery catalogues were developed in order to promote better understanding of the owners and clients of the new species regarding their habits, growth and management.

The concerned Project Officer participated in the Top Fruit Study tour to UK in May, the tour also dealing with aspects of ornamentals.

Input supplies

The main objectives during the year were to organise visits to regional fairs, facilitate linkages of local input dealers with regional representatives and the introduction of machinery specifically needed for horticulture.

Visits were made by staff and the project's clients to three agricultural fairs in region – those of Thessalonica, Tirana and Novi Sad. Seven clients joined the visit to Novi Sad and five clients to the Tirana fair. The latter was very successful for the nurserymen - both top fruit and soft fruit have built very useful contacts. Right after the fair a strawberry nurseryman sold 30.000 strawberry runners to an Albanian company.

Balkan representatives of two Western European seed companies have presented their range of seeds and technologies to producers and input dealers. Both companies now have their representatives in Kosovo and their Balkan representatives will visit producers 2-3 times next year to provide technical advice.

40 Earthway hand-operated precision vegetable seeders, of a type that has proved very successful in trials with farmers, have been imported by the project. They have been made available for sale in Kosovo through two input dealers. It is expected that these dealers will make further orders themselves once they have seen the demand for the seeders.

Greenhouse Business Development Group (previously protected cropping)

The situation

During 2001 and 2004 the project worked with considerable success on crops cultivated in greenhouses. The clients proved dynamic as evidenced in the quick uptake of commercial all-year-round lettuce production (unknown in 2001) as well as the rapid expansion of indoor tomatoes leading to the provision to the market over 4.5 months of the year as opposed to the previous 2.5 months.

Since that time, however, the Project has hardly intervened at all in those value chains – although the clients have continued to use, and build on, what they had learned as a result of the project interventions such as (i) the use of hybrids, (ii) improved pest and disease management, (iii) improved seedling production through the use of containers, (iv) improved weed control using mulch and (v) the use of drip irrigation.

There has been a rapid increase in the number of simple poly-tunnels in Mamusha area (now estimated to be around 60-80 ha). 80% of this area was equipped with drip-irrigation in 2005 alone – three years after the project started promoting the technique.

Collaboration between producers seems to occur only if no more than a few are involved – and the emergence of larger and influential associations appeared to be a long way off. Since 2004, for instance, the Project's clients have taken no initiative to collaborate together for their common good.

A new approach

Given that there appeared to be an increasing possibility that SDC would extend the Project for a further three years, a review was deemed necessary of the Project's approach to the promotion of protected vegetable production and marketing. It was increasingly thought, for instance, that such value chains should no longer be considered in isolation – but rather that the greenhouse itself should be considered as the business entity – one that involved a considerable investment in infrastructure that needed to be efficiently utilised through the production of a range of products in different combinations at different times of the year.

A new Project Officer was recruited in July to take responsibility for this new 'Greenhouse as a Business' component and an international consultancy commissioned to advise on the way forward – both as a consequence of the additional SDC funding received in June.

The consultancy

The consultancy was undertaken on "The potential of a greenhouse horticulture industry in Kosovo" during July by VEK – a horticulture consultancy group based in the Netherlands. Results of the mission were rather meagre but indicated that the future of the industry was likely to be found in supplying the local market and identifying export opportunities in the Balkans and in Eastern Europe. The main recommendation was to establish and utilise a Greenhouse Business Development Group - mainly comprising major greenhouse producers who are active and innovative and who are prepared to collaborate together for its development - to explore the way forward. Such participants, it was thought, were the actors most likely to invest in the future of the industry and, therefore, to be the most influential.

Formation of the GBDG

The main greenhouse producers were invited to discuss how they saw their future and whether they thought that the project could work with them in developing their businesses. The problems that were identified by them as needing to be seriously addressed included:

- Seedling production - with particular attention to quality, supply and substrate use,
- Soil management – since due to the intensive production the build-up of soil



- diseases and pests could have a dramatic effect on crop yields,
- A reduction in custom taxes and VAT for purchasing greenhouses,
- Production planning
- Record keeping
- Timing of production
- Obtaining more transparency in the origin and quality of imported inputs.

As a result of the interest of the producers, the Greenhouse Business Development Group was established in September 2006 and is hoped will be the principal instrument for promoting the objectives of the greenhouse industry. The group consists of regular and occasional members. The regular members comprise the nine major producers from different regions, one professor from the University of Pristina, one representative from MAFRD and two SPHPK staff. Occasional members of the working group are to be invited to meetings and events when appropriate and are likely to include input suppliers, traders, service providers, processors

and finance institutions. The Group is to be initially facilitated and partly financed by SPHPK.

The idea is that the Group will seek to develop and improve business planning, technology use, management, marketing and scaling up for different levels of sophistication – ie encompassing enterprises using simple plastic tunnels to more advanced greenhouses. It would also actively feed its ideas into the strategic planning process of the Ministry.

Operation

The GBDG started its activities in September with the first of its monthly workshops. The commitment of the members to seriously undertake the tasks and responsibilities that they had set themselves was evident right from the beginning. The main activities which were developed in last quarter of 2006 were: Production plan; Seedling production, Soil management, Soluble fertilisation, Record keeping and Study tour and visits.

Production plan

The absence of well thought out production plans (cropping programmes) was recognised as a general weakness amongst the members. Jointly studying the production plan of one of the members led to the realisation that a production plan was only as good as the information used – and that much more attention needed to be placed on regular and accurate record keeping.

Seedling production

It was recognised that the quality of seedling production in the greenhouse sector has improved considerably since 2001. The utilisation of improved substrate, insulation fleece and pots for transplanting was widespread. The GBDG, nevertheless, set themselves to aim to assist each other in further improvements – including a standardisation of procedures. Six of nine group members are involved in seedling production while three of them show potential for specialising in the activity. SPHPK started to look into the co-financing of a growth room for seedling development that would provide the basis for future efficiency and quality gains.

Soil management

Soil analyses were undertaken for six of the members and the results analysed together and conclusions drawn. The members will pay more attention to this aspect in the future.

Soluble fertiliser

Work on promoting the availability and use of soluble fertiliser – a complex topic and one that depended on a range of pre-conditions - was postponed to 2007. Members are convinced that the use of soluble fertiliser will be one of the essential elements of the future quality greenhouse production.

Business development

Business Development issues have been discussed with all participants. Improvements in record keeping and in the development of annual cropping programmes were considered as the first steps in the process. Draft record keeping formats have been introduced and their use by members will be monitored throughout the season.

Study tour and visits

The first study visit organised for GBDG was to attend the Skopje Agricultural Fair in September during which contacts were made with seed companies. A second study visit was made in December over six days to the greenhouse industry in northern Greece – organised by a consultancy group based in Athens. Organisations visited included vegetable nurseries, vegetable producers, input suppliers, greenhouse manufacturers and the Thessalonica Wholesale Market. The study left the participants with a better understanding of what to aim for – not only in the use of modern technology but also the specialisation that exists between employees of a single company. This trip contributed considerably to the cohesion of the group.

Worm Compost

Compost is a basic material for the horticulture industry as a whole. The project's efforts to establish an industrial composting unit was one of the first achievements in the previous phase – although the unit is still having problems addressing the issue of quality.

One of the inherent advantages of worm compost, on the other hand, is the high quality of product that has been obtained in practice. An agreement had been made with the leading compost producer in Kosovo in late 2005 to act as a service provider to help establish commercial worm compost units with four new clients per year (for at least two years).



By early 2006 five new clients had started production and have been trained by the SP in management aspects. Two of the producers took their first harvest in September for their own needs while the others preferred to wait until spring 2007. It is expected that the five new producers will harvest a total of 100,000 litres (with a sale value of €6,000) while the SP himself expects to produce 200,000 l. The five additional clients in 2007 will each inherit sufficient worms free as a return component from the earlier clients to start their own production.

The SP has already supplied 20,000 l free to vegetable and bedding plant producers for testing – and has been met with a positive response.

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Post-harvest

Import data being received from UNMIK Customs clearly illustrates the potential for additional sales from storage. For some products simple and cost-effective on-farm storage would be quite sufficient to store for up to four months.



An apple store with a capacity of 16 tonnes in Planqor was co-financed 50% with the family that established the first apple demonstration orchard. It was finished too late to be used for the 2006 crop.

An onion store was co-financed at 50% and a carrot store designed for another client – both in Rahovec. Monitoring of the stores' operation is being undertaken and will result in the development of a cost-benefit analysis at the end of the storage season. More detail was presented under *Field vegetables*.

Processing

There was an increasing interest of women in processing and the Project considers small and medium-scale processing as a strategic instrument for influencing gender relations within farming families.

Domestic jam production

A training session in strawberry processing was conducted in June 2006 for all scaling up (2005) clients in Anamarave – and involved a total of 15 women.

It is estimated that the total quantity of soft fruit (mainly strawberries) processed was about 5% of the total production. The commercial jam production qty was around 2,000 kg (with a sale value of €5,875 - retail price € 2.5 / 850gr jars).

It appears that families having less than one ha of strawberries mainly utilise the jam produced for household consumption. Only one household produces jam on a commercial level – that of Shkurte Rustemi – who produced 1,300 kgs and whose family cultivates 1.2 ha of strawberries in 2006. She sells principally from the house and in supermarkets – but has now established a sales outlet at Pristina Airport. She plans to establish a small jam processing unit in her compound in 2007.

Domestic vegetable processing

Vegetable processing (mainly ajvar and pickles) is an important activity for women living in the main vegetable production areas. The total sale of domestically processed vegetables for commercial sale was around €10,000 this year throughout Kosovo and appears to be growing each year.

An evaluation of activities, a market appraisal and the development of business planning were conducted with 10 women from the Hareja Association in Rahovec that represents 210 women including Serbs.

A proposal for financial assistance for investing in a larger processing facility was submitted to the Project by 10 members of the Drita e Krushes Association who commenced commercial production and marketing of pickled vegetable five years ago. The Project has assisted the association in refining the request – specifically by developing a realistic business plan including ways to utilise the proposed infrastructure around the year - and hopes to assist it in attracting the finance necessary – possibly from one of the Swiss cantons.

The Association sold around 4,000 kg of pickled vegetable in 2006 (with a sale value of € 1,600 – retail price €1.6 / kg) and ajvar of 3,000 jars (with a sale value of €6,000 - retail price € 2.00 / jar).

Integrated Production (IP)

The first two Farmer Field Schools on Integrated Production had been implemented in 2005 for field tomatoes in collaboration with MAFRD and CABI Bioscience of Switzerland.

Establishment of Memorandum of Understanding

The need for a more formal basis of collaboration between the three partners became more evident in 2006. This was accomplished in an annex and two annexures to the general MoU between MAFRD and SPHPK in June. These documents included the ToR, activities, responsibilities, funding sources, timelines as well as the functional role of the steering committee and its core group. Also included was the establishment of a specific agreement defining the conditions of a placement of a CABI Associate in MAFRD.

FFS Protected tomatoes

Three Farmer Field Schools were operated in 2006 on protected tomatoes on three sites – ie Mamusha, Neperbisht and Shtime. 15 farmers have been selected in three sites and two facilitators were utilised supported by the CABI associate.

The IP project goal was that farmers are producing in the IP greenhouse 10kg tomatoes/m² in a 4-month cultivation period under the assumption of 8 weeks of harvest.

From the 16 required IP practices considered necessary for best practice, only 14 could be applied due to technical reasons. These included new spacing, management of climate conditions (including the use of stone powder), prior fertilisation in greenhouses, soil analysis to ensure optimal use of fertilisers, black mulching foil to improve soil humidity and temperature, exclusion of preventive spraying for fungal diseases and use of only recommended chemicals.

In the review of the season it was found that 75% of these 14 practices were successfully implemented by the 15 farmers. 60% of them achieved the evaluation threshold of 10 scores out of 14 to justify them reaching IP implementation status. The harvested yield varied from 9kg – 15 kg/m².

The first draft of a 'best cultural practices' brochure was produced, translated and reviewed.

IP Awareness Creation

An Awareness Creation Day on "Healthy and Safe Tomato production in Kosovo: Farmers' and Consumers' Future" was organized jointly by the partners in August in Shtime at one of the IP sites. It was attended by more than 100 individuals including farmers, representatives of institutions and the media. Presentations included new procedures for pesticide registration in Kosovo, first experiences with protected tomato IP and a farmer's manual for tomato IP practices. A practical demonstration of Protected Tomato IP cultivation was provided in the adjoining greenhouse.

CABI made 4 visits during the year that involved planning, training of facilitators and IP tomato producers, field monitoring and advice, participation in the Awareness Creation Day as well as the season's evaluation.

The last CABI visit of the year was utilised to discuss future strategies – including the substantial modification of the FFS approach in order to adapt to the local reality – as well as the possibility of IC and CABI seeking additional funding to ensure the future promotion of IP in Kosovo on a scale large enough to correspond to the challenges.

Marketing

Marketing activities are at the forefront of the Project's declared objective that Kosovo producers increase the presence of local horticultural products in the market by competing with imports in quality, price and continuity of supply. By the end of 2005 certain locally-produced fruit and vegetables were already starting to claw back the local market – especially in the case of lettuce and strawberries.

The marketing activities of SPHPK fall mainly into the following categories:

- Market surveys – undertaking one-off studies to deepen the knowledge of the market, its structure, processes, characteristics and trends;
- Information and analysis – collecting regular primary data, utilising secondary data – and analysing such data to allow for a better understanding of market dynamics;
- product development – the identification of market requirements and encouraging producers to satisfy such requirements (quality, quantity, price, timing, range of products); and
- product promotion – the introduction and promotion of local products on the market (brands, marketing channels, advertising through fairs etc).

Market surveys

A clear need existed at the beginning of 2006 to carry out three major studies. Firstly, a full fruit and vegetable market structure and process study had never been carried out in Kosovo since the war and, in view of the impending extension of the project, its implementation was becoming urgent. Secondly, although the Project had carried out a useful survey of consumer preferences in 2001 – this needed to be repeated in order to capture the change in habits that would have occurred since that time. Lastly, while the

level of imports as measured by UNMIK Customs provided very useful data to gauge the potential for import substitution – the actual measure of the % penetration of local produce on the local market proved much more of a challenge and needed to be addressed by a specific study.

Since the FOM budget was insufficient for the Project to launch the above studies it won the agreement of the EAR's new two-year Marketing Support Project (MSP) to undertake them with the non-financial support of SPHPK. MSP, however, eventually failed to get authorisation from EAR and thus could not proceed.

SPHPK did carry out the Market Penetration study by itself, however, engaging a student to assist the Marketing Officer. 38 Traders were selected for interview from different markets (Prishtina, Prizren, Peja and Gjakova). They included 14 primary wholesalers, 13 secondary wholesalers, 8 roadside sellers and 3 supermarkets (mini-markets). The draft report is in the process of being reviewed internally.

Information & analysis

Market profiles:

A final market profile for apple and draft market profiles for lettuce and carrots were issued. Such profiles contain valuable information such as market size, levels of imports and local production, consumption patterns, product differentiation and marketing channels. They are well accepted by different actors and have been found useful by project staff in discussing strategies that could be utilised by both the actors themselves and the project.

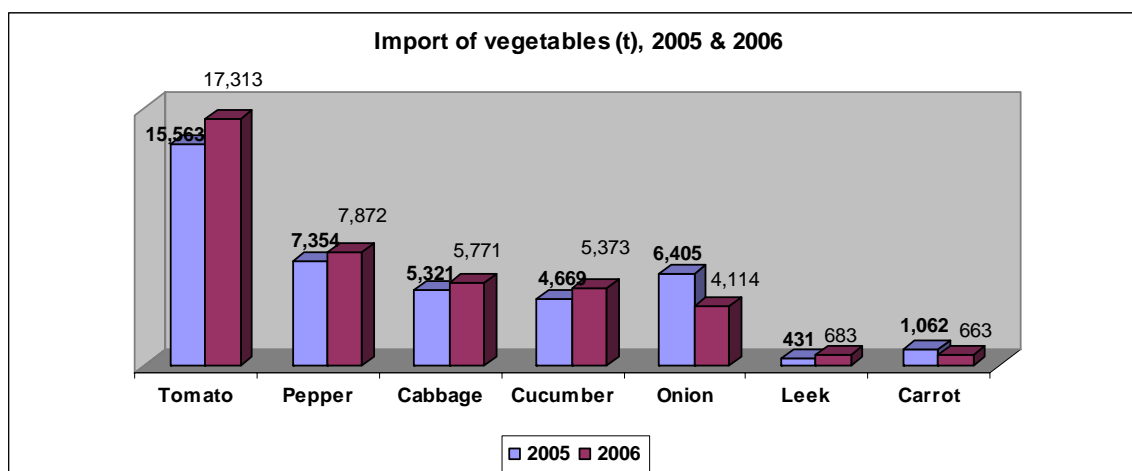
Import and export data:

The Project analysed 2005 import data collected by UNMIK and issued the report in November 2006. The clarification of the relative importance (in volume and value) and the timing of imports had a strong impact on the strategy of the project.

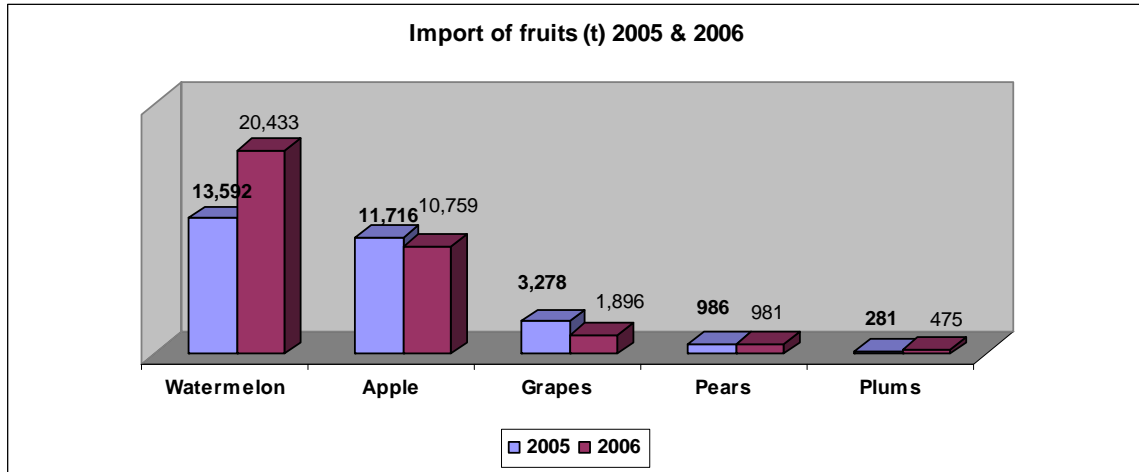
Evolution of imports of fruit & vegetables from 2005 to 2006				
	2005		2006	
	tonnes	Euro	Tonnes	Euro
Fruit	32,695	6,780,226	37,165	6,593,814
Vegetables	41,741	9,098,517	42,684	10,857,280

Source: UNMIK Customs

Communication with UNMIK Customs was fostered near the end of 2006 and agreements arrived at has allowed the reception of data - and thus its analysis – more rapidly. Examples of the analysis of such data are presented in the following figures related to the volume of imports in 2005 and 2006 for some fruit and vegetables.

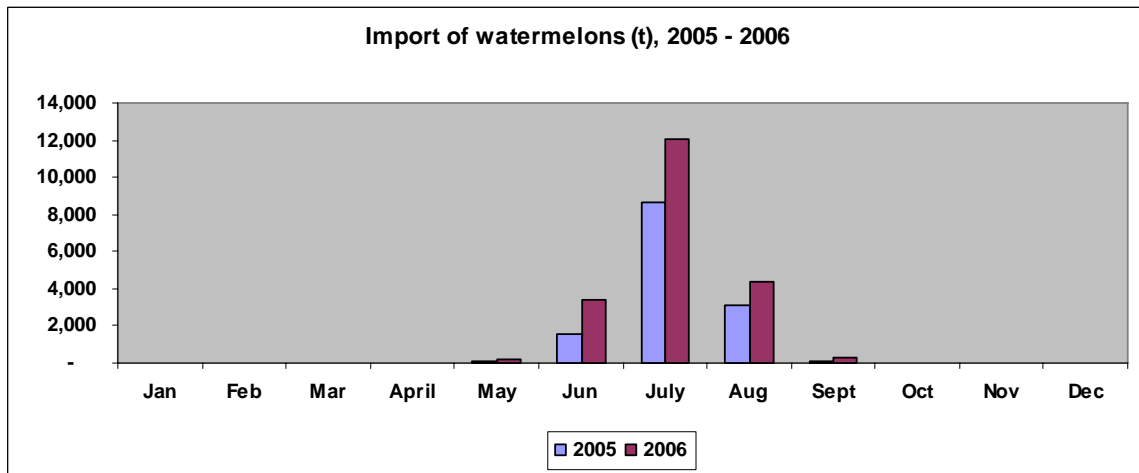


Source: UNMIK Customs



Source: UNMIK Customs

The following figure of the timing of imports of watermelons indicates clearly the potential for significant import substitution should Kosovo production be able to be brought forward one month earlier.

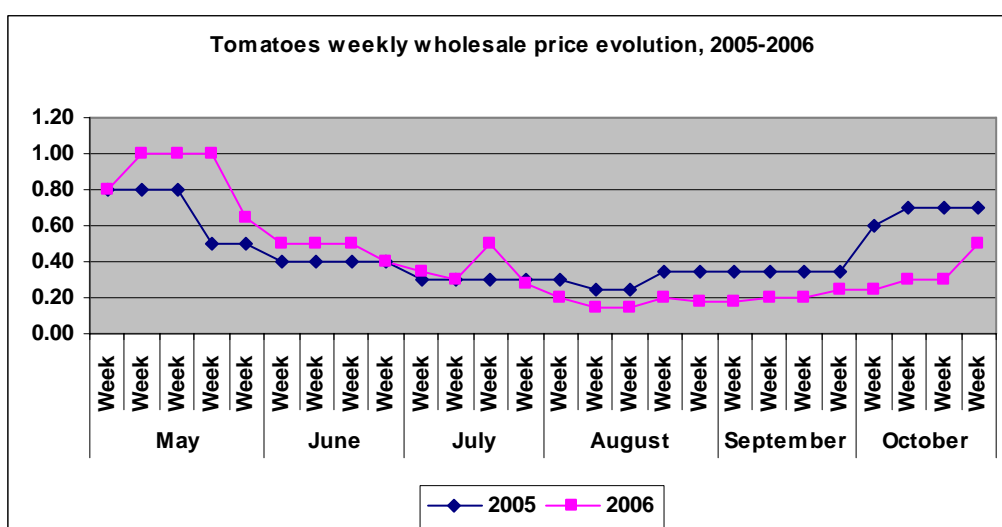
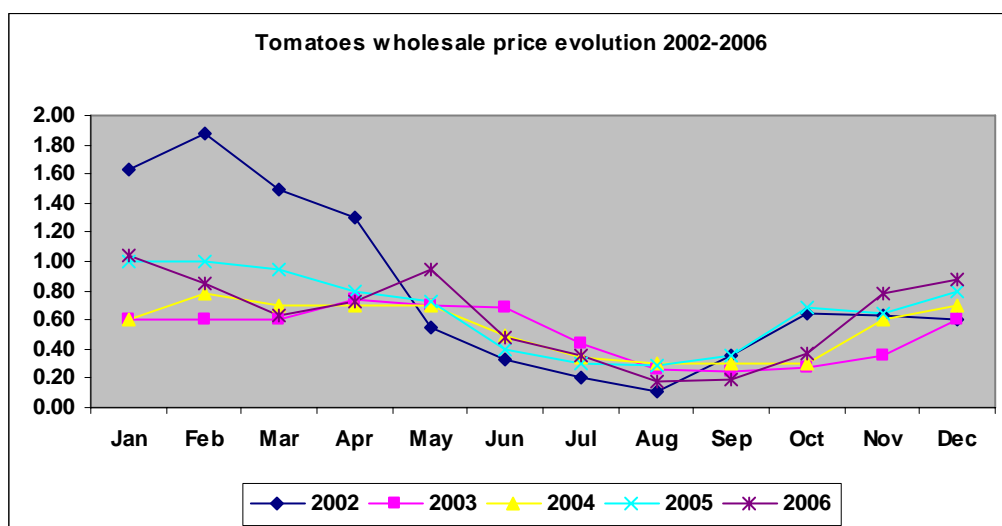


Source: UNMIK Customs

Price monitoring:

SPHPK continues with its weekly monitoring of the wholesale and retail prices of fruit and vegetables at the Pristina wholesale market. The time-series so established already amounts to five years and is considered a valuable data set for the whole industry. The data is published each week on the web page while the annual analysis appears each January. This data plays a crucial role in encouraging enterprising producers to modify their practices in order to target high-priced periods of the year.

In July MSP started in July its own collection of prices of different agricultural products (including fruit and vegetables) in seven different centres in Kosovo and placing it on its website each week. The Project, nevertheless, decided to continue its own collection for two reasons. Firstly, it was not sure that the process established by MSP would survive the closure of the project (expected in December 2007) and, secondly, SPHPK is looking for opportunities to hand over such activities to a private company or service provider to be run on a commercial basis.



Source: Price monitoring, SPHPK-Intercooperation

Product development

The Project supported new farmers engaged in scaling up of value chain products with new packaging.

Carrots: 2 kg plastic bags for packing carrots were introduced to clients in Podujevo in order to facilitate the recognition in the market of the local produce.

Strawberries: approximately 20,000 plastic containers, 20,000 labels and 2,000 cartons were ordered and delivered to the 22 farmers engaged in scaling up of strawberries in 2005 in the municipalities of Viti, Gjilan, Shtime, Ferizaj and Rahovec. The quantity delivered was sufficient for about half the expected annual production. Clients were shown how to order additional packing material themselves.

Product promotion

Links to traders

The Project facilitated discussions between traders and strawberry producers in June with the result that agreements were made by two of the traders to regularly purchase produce from Debellde, Gjakova and Skenderaj (the latter farmers being supported by the Lutheran World Foundation). The agreed farm-gate price in Debellde, in particular, was a very satisfactory € 1.00/kg.

Participation in fairs

The Project supported the participation of clients in 5 fairs in Kosovo and one in Albania. The five local fairs comprised:

- A one-day Agribusiness Fair in Gjakova in May organised by a local NGO 'Solution 99' in collaboration with the municipality – and involving four clients engaged in strawberry, ornamentals, fruit trees and industrial compost production;
- A one-day Agribusiness Fair in Gjilan in June organised by MAFRD with strawberry nurseries exhibiting a range of varieties for sale for the first time;
- The 3-day International agribusiness Agrokos fair organised in Pristina in October by CEO (a private promotion company) and involving six clients - two top fruit nurserymen, a strawberry nurseryman, two vegetables growers and a medicinal and aromatic plants producer;
- The 3-day National Trade Fair in Pristina in November that aimed to promote local products and was organised by the Kosovo Chamber of Commerce and involved three clients - one top fruit nursery, one soft fruit nursery and a medicinal & aromatic plant trader & processor.

Of particular importance was client representation at the International Agribusiness Fair in Tirana in September to which the Kosovo Ministry and producers were invited by the Albanian Ministry of Agriculture. The Project supported three clients – two top fruit nurserymen and one strawberry nurseryman. The clients found their experience encouraging with many contacts being established and the first export orders for apple and for strawberry planting material being won. 20,000 strawberry seedlings were subsequently exported to Albania at a price 40% higher than when sold in Kosovo. An Albanian dealer has requested a top-fruit nurserymen to supply 100,000 trees per year.

The Tirana fair and the subsequent National Trade Fair in Pristina appear to mark a watershed with clients (and the Project) discovering that exporting Kosovo produce is within reach.

Business Development Services

Interest groups

Collaboration between producers tends to be informal and limited to a small number of participants (often not more than three individuals). Formal associations are looked upon with mistrust as a result of poor experience with Government-led cooperatives in the past. Genuine representation of producers at the local and national level is absent – a situation not helped by the lack of elections at the local level for local political representatives.

Despite the poor experience with working in associations in the early years of the project, it is thought that the future of a healthy horticulture sector depends in great measure on the emergence of collaboration. The project considers that it could contribute to the emergence of such collaboration and started to reorientate itself accordingly. The proposal for an additional project officer who would take the lead in promoting the emergence of effective interest groups was accepted by SDC for the up-coming phase and a person has been recruited for this purpose and will commence work in March 2007.

Movements towards encouraging such collaboration were implemented in various parts of the project – as described below.

Ornamental producers

Once the decision had been taken to discontinue support to the whole ornamental value chain, the main actors – the bedding plant producers – were not visited for about six months. It was then decided to explore whether the project could play a useful role in facilitating collaboration between them – since there had been no sign of any movement in that direction by the actors themselves. They were consequently invited to meet to review the current situation of their own businesses and of the sector itself and to discuss what opportunities that they might have for the further promotion of both.

In the first meeting (in August) the 12 participants decided to launch an annual Flower Festival, discussed the logistics and how to raise the necessary funding from various source, and formed a board of three members to take charge of its preparation. In another meeting in December a representative of MAFRD proposed a meeting with MAFRD to discuss its financial participation.

A joint visit was organised to the Skopje Agricultural Fair.

Medicinal & Aromatic Plants

Two meetings of the herbs & teas association – KOMAPA – were held in the SPHPK office in June. All members expressed the importance of having a well organised association – yet they failed to set the association's objectives.

Greenhouse Business Development Group – see the section on *Greenhouse business*.

Knowledge sharing

The main aspect dealt with under knowledge sharing in 2006 was that of promoting private advisory services.

Constraints remained to producers having easy access to quality advice on horticulture from a cadre of qualified serviced providers. Most farmers are still not willing to pay for pure advice; the Government is yet to clarify its approach to private service provision; and little or no interaction occurs between the public and private advisory service providers.

Strategy

The Project developed a strategy for the promotion of private service providers that included the following elements:

- Identification of various types of service provision that offer potential for promotion (pure advice such as technical, business, marketing – and advice embedded with other services such as pest control, orchard establishment, machinery, pruning);



- Identification of key areas of advice that are appropriate for advisory service provision such as field design, field management, post-harvest and storage, nursery capacity building, quality control;
- Identification of individuals suitable for promotion as service providers.
- Development of implementation strategies for selected options including promotion of

payment by clients (joint payment by association, embedded condition of commercial loan);

- Development and training of service providers;
- Promotion of the incremental financial viability of service providers.

Implementation

The assisted scaling up of the production of individual crops presented the Project with an opportunity to start implementing the above strategy by encouraging the development of a cadre of private advisors.

Six potential service providers (SPs) – selected on the basis of technical skill and knowledge - were utilised and paid by the project to provide advice in the establishment of apple orchards involving 81 farmers over six municipalities. These SPs benefited from a 14-day training course in orchard establishment spread over the season (as described earlier).

Two service providers were utilised for the second year in the facilitation of farmer field schools for the integrated production of tomato.

An attempt to embed the payment of service provision within the credit provided by Raifeissen Bank was frustrated by the low uptake of the credit. Both of the successful applicants, however, did engage and pay private service providers – one of whom had been trained by the Project.

Business Development Services

An increasing emphasis was placed on establishing business development instruments. A new set of crop costings and business plans were developed, a standardisation of format was explored and a start made on how the private sector could be involved in providing such services. Opportunities to promote better record keeping amongst clients were investigated.

A contribution to the elaboration of a business development strategy for the forthcoming phase was made in November by Lionel Giron (Finance, Enterprise & Market team, IC). The mission was also used to introduce relevant methodologies and tools. The message in the mission report – how to move towards a more 'business-friendly' approach - was challenging and was the subject of a special staff workshop prior to the preparation of the YPO.

Effective record keeping in the greenhouse business is especially important and the issue was selected by members of the Greenhouse Business Development Group as one of the principle objectives in their first year of operation. Sample recording systems were discussed with, and are being tested by, the members. Gross margin analyses will be the next instrument undertaken – the members understanding their importance in attracting commercial loans.

The decision by the informal ornamental group to hold an annual flower festival opened up the way to explore the use of service providers to help organise the event (organisation of the venue, landscaping design, promotion activities). Two members have applied to offer landscaping services to the American Village.

Business planning

More generic business plans were developed or revised based on information gathered from the field, documentation and consultations - and covered apple, strawberry and carrot. The intention is to move towards establishing a standardised format.

The business plans were used in discussions with financial institutions to explore the establishment of credit products. With Raiffeisen Bank this led to the formulation of a credit project for apple orchard establishment – two applicants being successful. The strawberry business plan was introduced to the microfinance institution – KRK – but without a resulting credit product being developed.

Business services

Discussions were held with local IT specialists on establishing a computer programme to aid in the up-dating of agricultural input information and the individualisation of the generic business plans. Discussions were also held with three local specialists with potential for providing training for clients in business planning, farm management, agro-economics and organisation and management.

Financial services

Commercial banks

The possibility of collaborating with Raiffeisen Bank in the creation of a credit product for the establishment of apple orchards has been the subject of discussion since November 2005. Joint field visits have been undertaken and the Project contributed information on the marketing of apples and generic business plans with the intention of reducing the bank's perceived risk. An MoU was subsequently signed in June 2006 making provision for commercial loans totalling a maximum of € 100,000 sufficient for the establishment of at least 10 ha of apple orchards and involving at least 10 clients. The interest rate was set at 14% p.a. with a maximum of 2-years' grace period.

This represents the first time in Kosovo that such a product has been available with these conditions for an agricultural product that is not backed up by a processors' contract.

The Project was responsible for advertising the loan, the pre-selection of clients and organising planting material and advice on the selection of varieties and orchard design. In the event only five individuals applied and just two of them were approved loans covering a total of 1.5 ha. One of the reasons for the low demand was thought to be the high interest rate.

Exploration was also undertaken with the Banka Ekonomike for financing the import of strawberry mother plants but, in the end, nurserymen decided to utilise their own funds for this purpose.

Micro-finance institutions

Discussions were held with two micro-finance institutions – KEP and KRK- to create credit products for the establishment of strawberry plantations. KEP (Kosovo Enterprise Programme) was not in a position to undertake such funding for the 2006 season but was interested in examining the possibility for the future. KRK (Kreditimi Rural i Kosoves),

meanwhile, expressed more willingness to explore the possibility. The Project subsequently advertised the product jointly to KRK's credit associations through the organisation of three presentations in Deqan and Peja Municipality. Farmers showed no interest in obtaining such a loan.

Other business services

Machinery hire

The introduction of specialised machinery has been identified in certain cases as a way to overcome labour bottlenecks to the expansion of production of individual enterprises. Other machinery was needed for improving product quality. The introduction of such machinery and the promotion of their wider availability amongst farmers during 2006 are mentioned below.

Carrots: A bed-former, a pneumatic drill and a lifter (all tractor-mounted) have been imported and transferred to one farmer in Rahovec for hiring out to farmers in Rahovec and Podejevo – all against a 75% return component. Three washing machines have been co-financed at 50% to three farmers (two in Rahovec and one in Podejevo). More details are presented under 'Carrots'.

Onions: The imported pneumatic drill is also used for sowing onion seed. In addition, an onion set planter has been imported and provided to a farmer to hire out against a 100% return component.

Apples: A second tractor-mounted hole-digger for planting apples has been provided to a service provider in Anamorave against a 75% return component.

Business Enabling Environment

Strategic Planning

Despite the 2-year EU-financed Agriculture Master Plan Project (AMP) that ended in Nov 2006, little progress has been made by the Ministry of Agriculture & Rural Development (MAFRD) in strategic planning. SPHPK was invited in July 2006 by both AMP and MAFRD to take over a major part of the responsibility for pushing forward the process in regard to horticulture. Work started at the beginning of September 2006. An MoU was signed with the Ministry during the same month confirming this as one of the subjects of collaboration.

The search for an international back-stopper for this activity was started in October and resulted in the selection in December of Gerrit Holtland of MDF, the Netherlands. His first mission is planned in March 2007.

In November the Horticulture Section of the Ministry presented the information and the scenario that it had developed for the Agriculture and Rural Development Programme 2007-13 in collaboration with the AMP Project. A consensus emerged that strategic planning was an on-going task and that the work already accomplished regarding horticulture needed to be further detailed, key issues identified and addressed, more development scenarios considered and implementation strategies worked out.

Plant breeders' rights

The Project became aware of the draft Law on the Protection of Plant Varieties that had already had its second reading in Parliament in August. It appears to have several major flaws in its approach – especially the weakness of its provisions for the enforcement of plant breeders' rights in Kosovo. These observations on the law were submitted in writing to MAFRD.

Organisations

Ministry of Agriculture, Forestry and Rural Development

The Permanent Secretary of MAFRD proposed the establishment of an umbrella MoU with the Project to formalise the collaboration that has been on-going since the creation of the Ministry. An attempt to establish such an agreement a few years previously failed as a result of the then unclear division of responsibilities between the Ministry and UNMIK.

The MoU was signed on 28 July committing the parties to collaborate in the promotion of horticulture in Kosovo with the aim to increase income and employment on a sustainable basis – especially in rural areas. More specifically, the MoU invites the Project's participation in strategic planning, the sharing of information and collaboration in the development of advisory services and the promotion of farmers' representation. It also spells out the joint promotion of Integrated Production – as well as the wider aspects of plant protection. The two parties' on-going collaboration with CABI Bioscience on Integrated Production was confirmed through an annex to the memorandum.

On its request, the project financed a training in the analysis of import data for the Statistical Office of MAFRD. The training was held in May.

Other collaboration with the Ministry occurred in many other areas and is presented in the relevant sections including the assisted scaling up of apple orchards, strategic planning, the informal ornamentals group and the Greenhouse Business Development Group.

Collaboration with other organisations

The principle collaboration was undertaken with:

- CABI Bioscience, Delemont, Switzerland – partnership in the Integrated Production Programme.
- USAID Kosovo Cluster Business Support Project (KCBS) – constant interchange of information with their Fruit and Vegetable Section, financing of infrastructure for SPHPK nurseries, utilisation of an international specialist on apple storage

Other collaboration occurred with:

- Austrian Development Agency – two discussions related to possible investment in the horticulture sector
- Danida - two discussions related to possible investment in the horticulture sector
- Danish Refugee Council concerning the integration of minorities in the programme
- Dutch Senior Expert NGO - PUM – discussing continuing collaboration in the use of their senior expert programme
- EAR Agriculture Master Plan for Kosovo (AMP-K) – partial participation in the preparation of the Agriculture and Rural Development Plan 2007-13
- EAR Marketing Support Project – exchange of information, planning of two marketing studies that, in the end, did not take place
- EAR Rural Advisory Services Project – related to the standardisation of crop costings and business planning
- FAO *Communities' integration through economic activity Project* – Prizren concerning herbs and teas and protected vegetables
- HCL Consults Ltd, Athens, Greece – for the organisation of a study tour in northern Greece for the Greenhouse Business Development Group
- Kosovo Women's Initiative - women's fairs and activities
- Macedonia Agricultural Advisory Services Project (financed by SIDA) – through its organisation of a workshop on service provision and developing value chains
- SDC Women's Business Development Project, Gjakova – membership of steering committee

- Swiss Contact – discussions related to the establishment of a vocational education module – *Greenhouse as a Business*
- Trans Rural Trust – a UK NGO based in Gjakova – collaboration on one of SPHPK's strawberry scaling up sites

Swiss Agency for Development & Cooperation

Steering Committee meetings were held in February (for the approval of the Annual Report 2005 and the Yearly Plan of Operation 2006) and in July for the approval of the Half-Yearly Report.

Two field visits were organised for SDC. In April Lukas Ruettimann, Income & Employment Division, SDC, Bern, visited clients in Dukagjini, while in July, Arjeta Lleshi, NPO of SCO, also visited clients in Dukagjini.

The Project was in constant contact with the Swiss Cooperation Office throughout the year to inform it of progress and ask advice and assistance when required.

Intercooperation

The Director of Intercooperation carried out a supervisory mission to its projects in Kosovo and Macedonia from 1-9 March. In Kosovo field visits were made, discussions held with staff, debriefing meetings with SDC and contacts made concerning SDC's proposed new local governance project.

The Project assisted in the preparation of the Kick-off workshop for the new local governance project for which IC HO sent a mission headed by its Director. Discussions were undertaken on developing synergies and cost sharing between the two projects.

The SPHPK Desk Officer, Heini Conrad, undertook a mission in June to coincide with the end of the Identification Mission. During his visit he participated in the briefing of the Greenhouse Industry study, discussed with staff the strategic options for the new phase, made an input into the design of the up-coming marketing study, discussed with staff their ideas for the future role of their Kosovo Association for Development and discussed the proposal for financing a small-scale vegetable processing unit for the Drite e Krushe women's association.

Heini Conrad handed over the responsibility of desk officer to Lionel Giron from the Finance, Enterprise and Marketing team in Bern – and the first CTA of SPHPK.

Two IC staff from two other SDC horticulture projects in Pakistan and Bangladesh spent one week in Kosovo visiting the project and discussing the preparation of a future publication on 'IC's experiences in horticulture'.

Discussions were held with the new LOGOS project on sharing resources once the latter's inception phase is completed in December.

Staff, Administration and Finance

Staff

The staff at the beginning of 2006 comprised:

- 1 Co-team Leader
- 5 Project Officers (two of which operated from the Gjakova Office)
- 1 Administration and Finance Manager
- 2 Logisticians (one of which operated from the Gjakova Office)
- 1 international Chief Technical Adviser

Due to the declining budget - and as foreseen - 2 Project Officers and 1 Logistician were terminated at the end of March. The receipt of the Additional Funding in the second semester, however, allowed for the recruitment of another Project Officer in July.

In September the Project received the services of a Junior Researcher for a period of 6 months as part of his Swiss Civil Service obligations. He was based in the Gjakova office.

Administration

The administration of the Project was accomplished without any undue problems. The Pristina Office was moved in December to a new and larger building – also in Dragodan – in order to share the facilities with the SDC local governance support project – LOGOS.

Finance

The following table presents the comparison between the initial budget and the actual expenditures related to the 'Other Fiduciary' or 'Programme' costs of the Federal Office of Migration (FOM) budget. 60% of the total FOM budget of €109,724 had been carried over from 2005 – an indirect result of additional funding having been received from SDC in the second semester 2005. The total expenditure represents 73% of this increased budget.

FOM Budget & expenditure – Jan - Dec 2006 - €

Other fiduciary funds	Budget	Expenditure	
Vegetables	25,670	21,520	84%
Fruit	28,704	26,305	92%
Ornamentals	7,500	928	12%
Tea/herbs	2,200	1,046	48%
Service provision	3,350	0	0%
Empowerment start-ups	12,800	8,093	63%
Representative bodies	16,500	8,971	54%
IP	6,800	9,595	141%
Women & minorities	3,000	0	0%
Miscellaneous	3,200	3,406	106%
Total	109,724	79,865	73%

In view of the decision in principle to extend the Project by a further three years, SDC provided, once again, an additional fund for the second semester – this year amounting to €194,000. The purpose was to maintain the momentum of the Project and to prepare for the new phase. Of this amount, €177,900 was allocated to 'Other Fiduciary' funds.

79% of these funds had been spent by the end of 2006 – although further expenditure from these funds has been committed and will lead to an increase in the % of expenditure.

SDC Additional Budget & Expenditure July-Dec 2006 - €

Other fiduciary funds	Budget	Expenditure	
Vegetables	23,200	15,583	67%
Fruit	101,400	101,400	100%
Ornamentals	4,000	4,908	123%
Tea/herbs	4,200	0	0%
Enabling environment	44,300	16,969	38%
IP	800	800	100%
Total	177,900	139,661	79%

Swiss Project for Horticultural Promotion (SPHPK)

Phase 4 (2007-09): Outcomes and outputs

Goal

A dynamic horticulture agribusiness² sector generates sustainable and broad-based employment and income for Kosovar producers and contributes to economic growth in Kosovo

Outcome

Producers in the horticultural agribusiness sector improved their competitiveness and are able to produce and sell high quality produce that significantly substitute imported products.

Specific outcome 1

Production, processing and marketing of horticultural produce is improved and responds to needs of the market.

Outputs

- 1.1 Existing pilot value chains are efficiently functioning and expanding. Where promising, the development of value chains of other horticultural produce is promoted by selective intervention with potential high leverage effect
- 1.2 Input supply that responds to the need of the horticultural agribusiness sector is established and secured
- 1.3 Nurseries that are offering high-quality products are established and are operating as profitable self-financed units.
- 1.4 A local Greenhouse Business Development Group that effectively facilitates the development of the emerging greenhouse industry is established
- 1.5 Improved post-harvest practices are introduced
- 1.6 Profitable processing of horticulture products is enhanced
- 1.7 Integrated production for selected crops is introduced and promoted by local stakeholders
- 1.8 The marketing of local horticultural produce is improved

² Horticultural agribusiness sector is understood as vegetable/fruit production with its forward and backward linkages (input supply, processing, market access etc).

Specific outcome 2

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

Outputs

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

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

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

2.4 The diffusion of market intelligence is enhanced³

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

2.6 Other business services specific to horticulture become available

Specific outcome 3

The business enabling environment for horticultural agribusiness is improved and remains conducive on a long term.

Outputs

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

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

³ market intelligence meaning here the identification of need for market information, the capacity to generate or collect it and finally the ability of analysing it for taking relevant action

Relevant documentation of 2006

- Intercooperation, *Internal Review of SPHPK Activities, 2001-2005*, January 2006.
- Agridea, Switzerland, *External Review and Identification Mission for Future Domain Strategy – Business Development and Agro Domain*, January 2006
- Intercooperation, *Annual Report 2005 – SPHPK*, February 2006
- Intercooperation, *Yearly Plan of Operation 2006 – SPHPK*, February 2006
- Morriss, K., *Back-stopping missions of Horticultural Adviser*, SPHP-K, April, 2006.
- SDC, *SPHPK Phase 3 Project Document for Additional funding 2006*, May 2006
- Intercooperation, *Promoting Horticulture in Kosovo*, May 2006
- HCL Consultants Ltd, *Review/Identification Mission – SPHPK*, June 2006
- Intercooperation, *Half-yearly Report – SPHPK*, July 2006
- VEK Adviesgroep – Netherlands, *The potential of a greenhouse horticulture industry in Kosovo*, July 2006
- Intercooperation, *Mission Report of Heini Conrad (FEM)*, July 2006
- Morriss, K., *Back-stopping missions of Horticultural Adviser*, SPHP-K, September, 2006.
- Intercooperation, *Mission Report of Lionel Giron (FEM)*, November 2006
- SDC, *SPHPK Phase 4 2007-2009 Project Document*, December 2006