Kosovo Agribusiness Development Program Quarterly Report September - November 2002

Submitted by

International Fertilizer Development Center P.O. Box 2040 Muscle Shoals, AL 35662, U.S.A.

to

United States Agency for International Development

Contract Number 167-G-00-00-00001-00

December 2002

Introduction	3
Operations	3
Highlights of Program Achievements	3
KADP Project Activities in Support of Workplan Objectives	5
1a. Consolidation of Trade Association Accomplishments 1b. Building Long-term Association Sustainability	
2. Increased Production, Output and Revenues in Association Subsectors	

List of Commonly-used Acronyms

ABK ABU AIC	American Bank of Kosovo Agri-business Unit (part of EAR) Agricultural Information Campaign (under EAR)
AKA	Alliance of Kosovar Agribusinesses
Anadrini	Drini Valley Vegetable Producers Association
CFA	Central Fiscal Authority (of UNMIK)
CORDAID	Catholic Organization for Relief and Development
CPC	Crop Protection Chemical(s)
EAR	European Agency for Reconstruction
EFRP	Emergency Farm Reconstruction Project (under FAO)
FAO	Food and Agricultural Organization of the United Nations
FFP	Food for Progress
FINCA	Foundation for International Community Assistance
FTA	Free Trade Agreement
IFDC	Center for Soil Fertility and Agricultural Development
KADP	Kosovo Agribusiness Development Program
KASH	Agribusiness Council of Albania (Albanian acronym)
KBFF	Kosovo Business Finance Fund
KBS	Kosovo Business Support
KDRA	Kosovo Directorate for Rural Affairs
KNAP	Kosovo NGO Advocacy Program
KODAA	Kosovo Dealers of Agri-inputs Association
KSB	Kosovo Statistical Bureau
KTA	Kosovo Trust Agency
LBK	League of Beekeepers of Kosovo
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MBRC	Macedonian Business Resource Center
MFE	Ministry of Finance and Economics
MTI	Ministry of Trade and Industry
SHPUK	Kosovo Association of Poultry Producers and Feed Manufacturers
SHMK	Kosovo Flour Millers Association
SOE	Socially (State) Owned Enterprise
STC	Short Term Consultant
UNMIK	United Nations Mission in Kosovo
USAID	United States Agency for International Development

Kosovo Agribusiness Development Program

Quarterly Report September - November 2002

Introduction

For consistency and ease of understanding, the Kosovo Agribusiness Development Program (KADP) quarterly reports have followed the format of the work plan submitted to the United States Agency for International Development (USAID) in June 2001. Hereafter they will follow the revised workplan submitted to USAID in April 2002. Progress is reported for each of the three main program areas (consolidation of trade association accomplishments; building long-term association sustainability; and increased production, output and revenues in association subsectors). These broad areas include the program components of association development, policy analysis and implementation, private sector extension services, agro-processing and marketing, credit facilitation, trade and procurement, monitoring and evaluation, and media and publications. Monthly reports to the USAID project manager contain more extensive and detailed information on KADP activities and progress.

Operations

With the end of this quarter, the project will begin to phase-down activities. KADP will formally end on January 31, 2003. All promised activities and results will be completed by then. The IFDC team organized visits to key agribusiness firms for Marcus Winter of USAID to help him gather information for a medium term strategy for agricultural development in Kosovo.

Highlights of Program Achievements

Trade Association Development and Sustainability

- AKA and KODAA joined the Alliance of Kosovar Businesses (AKB) as the primary representatives of the agribusiness community in the broad-based business alliance.
- KODAA dealers imported 13,000mt of NPK fertilizer at a reduced price negotiated with Macedonian suppliers as a result of bulk purchase and rolling credit agreements.
- The SHMK survey of 44 flourmills was completed and released during the quarter. Among the findings was that the businesses have invested over €2.1 million in 2002 including three new mills, compared to a total of €2.6 million in 2001. There are plans for new investments amounting to another €2 million.
- AKA organized a Food Safety and Quality Control Policy Study Visit to Slovenia and a roundtable program on the same subject for 90 participants in October.
- In November AKA, in conjunction with the Kosovar Parliamentary Committee for Agriculture, hosted a delegation of their counterparts from Albania.
- Together with the representative of Swiss Kosovo Dairy Project, AKA helped establish an Association of Milk Producers and Processors of Kosovo (AMPKO).
- An STC conducted research on the position of Kosovo within the South-east European (Balkan) Stability Pact, the potential impact it could have on the agricultural sector in the

territory and the role that private sector agribusinessmen could play in developing the Kosovar stance in SP negotiations.

- Twenty-five SHPUK feed millers and poultry farmers participated in the AKA/SHPUK organized trade mission to the *Euro-Tier* livestock fair in Hanover in November.
- As a result of charging fees for such trade missions and other activities, AKA increased its non-dues revenue to €14,000 for the year.

Increased Production, Output and Revenues for Association Subsectors.

- Thanks in part to the extension services of KADP and KODAA, Kosovar wheat yields increased 6% in 2002 to 3.4 mt/ha, and maize yields improved by 12% to 3.8 mt/ha. IFDC test fields produced much better results, demonstrating the potential growth, especially in maize (more than 2.5 times the average) if improved inputs were adopted.
- Project extension specialists followed up on their agreement with MAFRD, Peja Institute and the University of Pristina by completing the planting of 13 winter wheat varieties on project test plots. The team also completed the harvest of its maize and forage test plots.
- The quarter was one of high profile in the local media for the USAID/IFDC project with dozens of broadcasts and articles on such topics as the results of test plots, the new dairy association; and the visit of senior Albanian counterparts.
- AKA and KBS took the lead in organizing a program of seminars for 134 fee-paying clients in double-entry bookkeeping in five regional centers.
- AKA member associations participated in the first major agricultural trade fair in Kosovo.
- Twelve tons of winter wheat seed along with 12.5mt of DAP/MAP were imported from Hungary and Greece and distributed to 120 farmers in the 5 regions of Kosovo during October as part of the joint IFDC/KODAA/MAFRD on-farm demonstration initiative.
- Five loan applications to ABK supported by the AKA credit team were approved during the quarter, releasing a total of $\notin 67,000$ for investment by project clients.
- KADP/AKA logistics specialists worked with LBK during September to conduct training in the use of and distribute the 42,000 packets of the anti-Varoa Jacobsoni bee treatment. The effort helped nearly 5,000 beekeepers with over 44,000 hives.
- An AKA/USOP trade mission of seven clients visited Washington, DC and Iowa in September to meet equipment suppliers and learn from the US agribusiness experience.

KADP Project Activities in Support of Workplan Objectives

1a. Consolidation of Trade Association Accomplishments

Activity / Results Indicator	PY2 Q4	PY3 Q1	PY3 Q2	Quarter Achievements
1. Association Development and Management Training				
1.1 Monitoring & reporting on timely topics (wheat conditions, urea imports, planting progress)				 Regular <i>Seasonal Reviews</i> in monthly reports provide updates on crop conditions, agri-input imports and sales and comment on agricultural progress. Weekly monitoring of agro-input and food prices published in weekly price bulletins and AKA monthly newsletter.
1.2 Preparation & conduct of overseas trade missions for				 Relevant trade fairs identified. Visits by association members to be organized on demand.
association members				 In response to requests by SHPUK members, visit organized to poultry and livestock fair in Hanover, Germany in Nov. Preparations underway for the visit of over 40 AKA members to agricultural trade fair in Berlin, Germany in Jan.
1.3 Arrange for presentation of relevant topics at regional &				• Treparations underway for the visit of over 40 AREA memoers to agricultural trade rail in Bernii, Germany in Jan.
general meetings of associations				As described in the monthly reports, relevant presentations were made at the monthly meetings
1.4 Inform association members & encourage participation in seminars of relevance to business interest				• Association members participated in seminars arranged by KADP and other USAID partners, e.g. on food safety and quality
1.6 Conduct seminar(s) on commodity logistics & importation/handling				• Seminars addressed the consolidated purchase of fertilizer, seed and packets for bee treatment.
1.7 Reinforce Associations role through personal visits to members & identification of members' needs.				 KODAA, SHMK and SHPUK members visited and contacted by telephone during the quarter to discuss association developments and member needs.
1.9 Development of AKA & trade association media kits				AKA strategy further developed
2. Facilitation of Local and Regional Association Contacts				
2.1 Expand linkages with the USAID-sponsored American Farm School in Thessaloniki, Greece				 With project assistance, four Kosovars were selected for the two-year AFS practical agribusiness course and completed their first semester in Dec.
2.2 Host return visit of Albanian policy representatives (KASH) to Kosovo				AKA and the Kosovar Parliamentary Committee hosted their Albanian counterparts in November.
2.3 Establish business, data provision and policy contacts with partner institutions in regional states				 In addition to the meetings with representatives of the Albanian agribusiness community during the KASH visit, KADP organized a study tour to Slovenia; participation in the Hanover Fair; meetings with fertilizer and seed suppliers in Macedonia, Hungary and Greece; sessions on southeast Europe agricultural trade under the stability pact; sponsored attendance at conferences in Serbia and Prague on regional cooperation; etc.
3. Development of New and Ongoing Policy Initiatives				
3.1 Promotion of KADP developed technology packages and crop diversification				• Contacts include regular management coordination meetings and scheduled field visits by MAFRD and KADP extension staff to provide training, distribute inputs and survey crop development. Winter wheat seed distributed to 120 test sites.
3.2 Coordinate with MAFRD development of CPC, seed and fertilizer regulations				• Staff and AKA participated in the EAR seed screening training under their Seed Regulatory Project and became partners with the Peja Institute and Agricultural Faculty of the Univ. of Pristina in official testing of varieties on the National Seed List.

3.3 Follow developments in fields of commercialization / privatization and fiscal reform, providing input as openings emerge	KADP and AKA continued to monitor and provide input and advocacy on the issues.
3.4 Other, as identified by AKA board and agreed by KADP/USAID	• The project followed up on the AKA identified policy issue in the poor monitoring of food safety and quality control at the Kosovar borders, leading to the import of substandard and mislabled inputs, flour, eggs and other produce. The mission to Slovenia and the subsequent well attended roundtable for Kosovar policymakers directly addressed these issues.
4. Association Policy/Advocacy Training	
4.1 Attend USAID/KNAP training and proceed with training of AKA representatives on KNAP completion	• AKA Executive Director selected for inclusion in the KNAP trainer-training program attended all KNAP training programs and conducted training of AKA representatives.
4.2 Organize agricultural policy study tour to a regional state	Policy study tour to Slovenia was organized in October.
4.3 Organize training in ramifications of South East European Stability Pact on agribusiness in Kosovo	• STC and training on implications of the South East European Stability Pact took place in Nov.
4.4 Coordinate in training initiatives of other governmental and NGO organizations	 KADP staff and association representatives attend dozens of training programs held by other organizations in policy and business issues during the quarter, as detailed in the monthly reports.
5. Development of Agribusiness Information System	 KADP agricultural input and food (64 commodities) price data from 8 municipalities (three outlets in each) monitored on a weekly basis and data compiled for use in market research and policy analysis. KADP/AKA contact database updated monthly. The database includes over 540 agribusiness contacts from over 230 organizations in over 30 countries. Joint IFDC Kosovo and Albania seminar on agricultural statistics in Sept. Visiting IFDC specialist helped train MAFRD.

1b. Building Long-term Association Sustainability

Activity / Results Indicator	PY2 Q4	PY3 Q1	PY3 Q2		Quarter Achievements
1. Building Capacity in Provision of Fee-earning Services					
1.1 Develop AKA Business/Strategic Plan				•	AKA strategy for sustainability advanced through continued discussions with association leaders, IFDC specialists and USAID representatives. Plans developed by the associations with help from the STC were implemented. Significant increase in non-dues revenue during the quarter from service fees from seminars, trade mission organization, etc.
1.2 Utilize in-house expertise and collaborate with KBS to provide & promote business training seminars to associations				:	KADP and AKA representatives attended training seminars conducted by USAID/KBS and other international organizations during the quarter. Training provided on the establishment of a dairy association provided by AKA representative. Logistics and chemical handling training for KODAA and LBK members provided. Training to gain certification for AKA accounting capacity conducted.
1.3 Provide financial counseling for clients					KADP and AKA representatives assisted association members in applying for loans at ABU and ABK/KBFF.
1.4 Develop and implement fee-based accounting services (record-keeping, accounting analysis, tax preparation, etc.) for Association members				ŀ	Four regional ccounting seminar organized with KBS. Over 150 interested parties attended.
1.5 Increase distribution/availability of newsletters to members with more advertising.				•	Produced regular monthly newsletters and increased number to 1000 copies and increased distribution to include related organizations like EAR, ABU, ABK, and other NGO's. Forty-five media placements during the quarter. Up to four paid advertisements listed in newsletter – average income/month for 2002ytd, with backlog of interested members. Reduction in printing costs of 36% of newsletter achieved through using different companies to film and print the publication.
2. AKA Consolidation/Expansion				<u> </u>	
2.1 Develop consolidation/expansion strategy for AKA					Additional areas of association development include the establishment of specialized seed and fertilizer committees within KODAA for the main seed producers and fertilizer importers respectively.
2.2 Creation of Kosovo-wide vegetable producers association on basis of Anadrini				•	Establishment of the Association of Milk Producers and Processors Beekeepers association visited counterparts in Albania Association materials (promotional, structure and statutes) prepared.
2.3 Admission of additional complementary Kosovo-wide associations into AKA					Work on the formal inclusion of a sixth AKA member association is almost complete. AKA is considering admitting other agricultural trade associations that have expressed interest in joining, and is helping them prepare for membership.

	• The League of Kosovo Beekeepers proposal submitted to the CIDA-CCSO project was approved. The donation of EUR55,000 covered the purchase and import of enough treatment for all 28,000 hives in Kosovo. Beekeepers would be required to pay for the treatment and the funds recycled to ensure treatment in the future.
	• Research on the key candidates for the ministerial and permanent secretary posts and the members of the Parliamentary Committee for Agriculture completed and relations established.
	 Regular meetings held with representatives of the new MAFRD, including its Policy Unit, Department for Rural Development and Statistics and Department for Plant Production and Protection. KADP extension team collaborated closely with MAFRD Rural Development Unit throughout the quarter, according to agreement under which MAFRD uses KADP tested technology and training to implement best technology demonstrations of maize on 200 farms in 25 of the 30 Kosovar municipalities. Presentations of project activity and training provided to agricultural representatives of elected municipal authorities in conjunction with project extension work.
	Arranged visit by Albanian parliamentary committee for agriculture to meet with Kosovar counterparts.
	 UNMIK Reserved Powers in Agriculture the Kosovo Directorate of Rural Affairs (KDRA) agreed to work with AKA on its initiative to improve the level control of input and food quality on Kosovo's borders and boundaries. KDRA also keeping KADP/AKA informed of developments in commercialization and privatization of state and socially owned agricultural enterprises. Contact maintained with UNMIK's CFA and Customs service for information on developments in fiscal policy and its implementation.

2. Increased Production, Output and Revenues in Association Subsectors

Activity / Results Indicator	PY2 Q4	PY3 Q1	PY3 Q2	
1. Increased Access of Association Members to Credit				
1.1 Revise business plans (BP) preparation and enforce usage in conjunction with USAID/KBS. Require more member participation in development				 In conjunction with AKA/KADP staff, KODAA and SHPUK members developed business plans. Four members used business plans to apply for loans from ABK and ABU. Association members actively involved in gathering data and compilation of their business plans and loan applications.
1.2 Prepare 30 BP's by project end for interested association members in conjunction with USAID/KBS				 Assisted 37 association members in developing business development proposals and applying for loans with ABK/KBFF during 2002.
1.3 Assist qualified clients in obtaining loans/credit with 75% success rate & provide monitoring of new loans				 Assisted 39 AKA association members involved in loan application process at EAR/ABU (1) and ABK/KBFF (38) during 2002.
1.4 Approach KBFF with more business plans				 Assisted 38 members in applying for loans at ABK/KBFF as ABK/KBFF begin focusing more on the agricultural sector during 2002.
1.5 Investigate possibility of assisting small clients to receive loans through FINCA				 Loan activity during the quarter focused on ABK given their increased interest in the agricultural sector and the more applicable loan size offered. Opportunities with FINCA were more fully explored – no success to date
1.6 Monitor existing loan repayments to ABU & CORDAID, new repayments & establish payment of service fees for assistance				 Monitoring of SHMK loans conducted by SHMK staff and association members. KODAA member who gained credit from ABK/KBFF for fertilizer import in autumn 2001 repaid loan as scheduled. Seven of the ten KODAA members who gained credit from EAR/ABU for fertilizer import in autumn 2001 repaid their loans as scheduled. All of these were in the nine-strong KODAA import consortium. Remaining two consortium members are negotiating a return of unsold fertilizer in order to repay outstanding credit. Remaining debtor likely to be subjected to legal proceedings. Of the 12 KODAA members who gained credit from CORDAID during autumn 2000, seven have now repaid in full. The remaining five have been expelled from KODAA. Some re-scheduled; others and are currently facing court proceedings. Of the 13 SHPUK members who gained credit from CORDAID during autumn 2000, all have made some payments. Only 38% of the total borrowed, however, has been recouped by CORDAID, leaving all debtors in default.

2. Increased Production, Output and Revenues for Association Members	
2.1 Conduct on-farm winter wheat trials	 30 winter wheat varieties tested in 2001-2 season. Five of these are the best performing varieties from the 2000-1 trials and 25 are new varieties, being sown for the first time in Kosovo. In addition trials are being conducted on the highest yielding 2000-1 varieties, with differing rates of seed (150-400kg/ha) and fertilizer (DAP, MAP, NPK with urea and KAN), in order to identify the optimum amount of inputs required for Kosovo conditions. Winter wheat sown and basal fertilizer applied at two sites representing the differing climatic zones of Kosovo (one on the Fushe Kosovo plain and one on the Dukagjini plain) in PY2Q2.
2.2 Analyze and disseminate results of technology packages	Results of 2001-2 packages disseminated at major presentation by STC Griffiths in November.
2.3 Conduct on farm trials (maize, forages, soybeans, spring wheat)	• On-farm trails completed.
2.4 Conduct and report on surveys (assessment of entrepreneurs, marketing and technical skills, assessment of agri-input sales)	 See section 1.1 under 1a above. See section 2.16 below.
2.5 Establish collaborative extension activities with 'implementing partners' (set up at least 150 demonstrations on best technology packages for maize)	 Agreement reached by IFDC-KADP and its implementing partners, MAFRD and KODAA, in PY2Q3. Agreement delineates responsibilities, timeframe and distribution of 200 farmers (including 24 minority farmers), with whom to work in demonstrating KADP proven best technology packages in maize. Training of MAFRD municipal and regional representatives and KODAA dealers continued in the quarter. Building on field demonstration initiative with MAFRD, KADP management coordinating with USAID, MAFRD, EAR and SRSP on potential involvement by project extension team in the official seed variety trials to be initiated under the recently developed seed regulations for Kosovo. MAFRD, EAR, Faculty of Ag, KODAA and AKA joined staff in inspecting the project's maize trials at Bardhi Vogel.
2.6 Organize field days on wheat, maize, legume and forage crops	• Field days held as planned.
2.7 Set up at least 150 demonstrations on wheat 'best practices'	 Wheat varieties to be selected on the basis of the results of the second year of KADP wheat trials in PY3Q1, prior to planting in PY3Q2. Planting proceeded and inputs, including 12 tons of seed and 12.5 tons of DAP were distributed in October.
2.8 Organize training seminars on crop protection chemicals, in cooperation with manufacturer (eg. 'Syngenta') and on maize technology with seed breeders (eg. 'Pioneer')	• Checklists developed by project staff involved in credit and procurement and extension work to ensure that any potential project activity involving pesticide use is conducted according to the KADP Initial Environmental Evaluation and US Regulation 216.
2.9 Conduct poultry demonstrations (revised feed, laying hens management) and disseminate the results	 Experiment to test the quality and profitability of feed from a variety of sources discussed with SHPUK management. Two production lines were identified and fed with different feeds under the same management to identify the best feed formulation on the Kosovar market. SHPUK members encouraged to involve local suppliers in KADP/MAFRD/KODAA field demonstrations of best technology packages for maize. SHPUK members supplied with lists of demonstration farms in their regions in order to promote improved practices and increase local production of maize (considered to be of better quality and cheaper than imported produce).

2.10 Conduct flour-milling demonstrations (milling technology vs. flour quality)	 Advice provided on the optimum combination of milling technology and wheat varieties available on the local market. Proposal developed for the engagement of two Kosovar electrical engineers to visit SHMK members and give advice on best methods for reducing maxigraph payments, including the installation of small starter motors to allow
	a gradual phase-in of power use on mill start-up.
2.11 Investigate interest of SHMK members in bulk purchase of wheat	 SHMK members are involved in all KADP winter wheat field days and IFDC/MAFRD/KODAA on-farm demonstrations to promote best technology packages aimed at increasing local production of wheat to reduce dependence on costly imports.
2.12 Prepare and submit proposal to Canadian Co-operation Support Office for funding demonstration greenhouse(s) in Kosovo	 Proposal presented to CCSO-CIDA by AKA but rejected on basis of long-term nature of the project. Proposal forwarded to GOAL-Ireland for further consideration.
2.13 Poultry ration formulation STC (Swick) & Poultry Management and Diseases STC (Piu)	Poultry ration formulation and management and disease STC completed worked in November.
2.14 Identify bee medicine importers	Shipments of Varoa Jacobsen mite treatment were imported and distributed by AKA staff for a fee in response to request for assistance in import by AKA member association the League of Kosovo Beekeepers. CIDA-CCSO funded the imports.
2.15 Assist SHPUK members to participate in purchase of USDA-sponsored Food For Progress commodities imported by MercyCorps	 Eleven SHPUK members purchased 500mt of the 3,000mt of USDA FFP soybean meal. Negotiations ongoing between SHPUK and MercyCorps International on the price of remaining stocks of FFP soybean meal.
2.16 Design & conduct surveys in coordination with project extension requirements	Surveys continue according to the work plan. SHMK member survey completed and analysed in Sept. See monthly report.
3. Promotion of Technology Packages for Wheat and Maize (product diversification and quality improvement)	
3.1 Prepare technical brochures on soybean cultivation, milling technology, poultry management and compound fertilizers	• A training brochure for the winter wheat demonstrations on 120 farms in 30 municipalities was produced and distributed as were materials on the results of project 2001-2 wheat, maize and forage crop field trials.
3.2 Prepare a producer page in the AKA newsletter and distribute directly to farmers	Producer pages were included in the monthly newsletters as detailed in the monthly reports and the newsletters.
3.3 Organize coverage of general meetings of associations, field days, seminars and other activities of the project	• The project generated extensive media coverage for its activities during the quarter as detailed in the monthly reports.
3.4 Prepare media and TV campaign to address farmers and association concerns	 Media campaign during the quarter focused on the visit of the Parliamentary and KASH delegation from Albania, food safety and quality control, and the work of the KADP extension team. 1,000 copies of AKA newsletter distributed monthly to association members, farmers and projects active in agricultural development in Kosovo.
3.5 Prepare newspaper articles on association and KADP activities, and submit to local newspapers for publication	• See section 3.3 above.

3.6 Collect price information for main inputs and out puts and publish in AKA Newsletter and local newspapers		• KADP agricultural input and food (64 commodities) price data from 8 municipalities (three outlets in each) monitored on a weekly basis and published monthly in the AKA newsletter.
3.7 Organize media training on disseminating the results to the farmers		 KADP media and publications team worked closely with representatives of print and broadcast media to explain the importance of promoting KADP tested best technology packages for wheat and maize.