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KOSOVO NEW OPPORTUNITIES FOR AGRICULTURE PROGRAM

QUARTERLY REPORT
OCTOBER - DECEMBER 2011

JANUARY 2012

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ACRONYMS AND ABBREVIATIONS

ACGP	Agricultural Credit Guarantee Program
AES	Agricultural Extension Service
AFAS	Association for Finance and Accounting Services
AWP	Annual Work Plan
B2B	Business to Business
BEO	Bureau Environmental Office
CAD	Computer Aided Drafting
CoP	Chief of Party
DCA	Development Credit Agency
DCoP	Deputy Chief of Party
EGAT	Economic Growth and Trade
EP	Environmental Protection
ER	Environmental Review
EU	European Union
F&V	Fruit and Vegetables
FtF	Farmer-to-Farmer
FY	Financial Year
GoK	Government of Kosovo
Ha	Hectare
HACCP	Hazard Analysis and Critical Control Points
IADK	Initiative for Agriculture Development in Kosovo
IC-K	Intercooperation Kosovo
IIF	Innovation and Incentive Fund
IPM	Integrated Pest Management
ISO	International Organization for Standardization
MAFRD	Ministry of Agriculture, Forests and Rural development

M&E	Monitoring and Evaluation
MSTA	MAFRD Senior Technical Advisor
NGO	Non-Governmental Organization
NOA	New Opportunities for Agriculture
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
PMP	Performance Monitoring Plan
PPE	Personal Protective Equipment
RDC	Rural Development Center
RFA	Request for Approval
RFP	Request for Proposal
RFQ	Request for Quotation
RTK	Radio Television of Kosovo
SME	Small and Medium Sized Enterprise
SPAS	Simplified Pre-Award Survey
STTA	Short Term Technical Advisor
SUP	Safe Use Practices
TA	Technical Assistance
TOR	Terms of Reference
US	United States
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VC	Value Chain

EXECUTIVE SUMMARY

The Program set itself some demanding goals for the first quarter of FY12, especially in regard to awarding grants to support the trial plantings of new varieties of fruits and vegetables in the spring/summer of 2012. Trials will be conducted for different varieties of lettuce and gherkins for vegetables, and of apples, table grapes, strawberries, raspberries and blueberries among fruits. In total, the Program awarded 37 grants in the quarter; 30 for growers; 3 for nurseries; and 4 for organizations supervising the growers. Environmental reports were prepared on each grantee. The whole team participated in determining these awards. The Grants and Subcontracts Manager ensured USAID and the Program's administrative procedures were complied with; and the technical staff visited every grantee to ensure the farms on which the trials will take place were suitable in terms of location, soil conditions, irrigation provisions, and were under good management. The Program assured itself that the grantees were committed to participate fully in these trials, during which improved management practices will be introduced such as soil testing and enhancement, plot preparation, weeding, planting techniques, irrigation and fertigation, integrated pest management and harvesting techniques.

The Program also placed orders for the plant materials to be used in these trials and the list is impressive:

- 14,400 young apple saplings from Italy;
- 15,000 cultivars of table grapes, also from Italy;
- 310,000 new strawberry plants from the UK;
- 40,000 bare root plants of raspberries also from the UK; and
- 14,000 cultivated blueberry plants from the US.

All these imports, which represent an investment by USAID and the American people of more than \$400k, are planned to arrive in March/April 2012. In general, the varieties have been selected so as to extend the production season, to be more disease resistant and to provide product more demanded by the market. They will all be properly certified from reputable nurseries. In addition, some 600,000 lettuce seeds and 360,000 gherkin seeds have been ordered.

The two new crops introduced in 2011, asparagus and saffron, were evaluated at the end of the summer. Although the yield of saffron in this first year was, as expected, very small, tests done in Morocco and France indicated the saffron was of high quality. Repeat trials will be performed at new sites this summer, while the first year's crop will develop further. The asparagus seeds had a 95% germination rate; and in October the seedlings were carefully stored in controlled conditions ready for transplanting into fields in March/April.

Two one week Study Tours were made in consecutive weeks in October to orchards in Italy. 17 growers participated. The groups visited experimental orchards of apple and pear with different planting density and training systems, and saw modern irrigation and fertigation facilities; received instruction in modern tree pruning; visited farms to see mechanized harvesting platforms; visited fields of mothers plants to see virus free material production and be instructed in the cycle for producing young trees including their certification. A significant development following the visits was when some of the attendees, on their own initiative, invited the Italian Professor who led the tours to come to Kosovo and continue providing advice.

In furtherance of promoting its objective of improving food safety and quality the Program delivered five day-long introductory trainings on "GlobalGAP and Safe Use of Pesticides". These were held in the five municipalities of Prizren, Gjilan, Vushtrii, Peja and Prishtina. A total of 172 participants attended these trainings which were intended as an introduction of measures that must be taken at the farm level to improve food quality. The Program will build on these initial trainings in the second quarter with more detailed trainings focused on the main crops with which the program is working.

The Program's Senior Technical Advisor at the Ministry of Agriculture, Forestry and Rural Development [MAFRD] spent much of the quarter planning for the 2012 restructuring of MAFRD. Based on work done under the EU Agriculture Twinning program, the planned restructuring was expanded to include the creation of several new functions, including the creation of a new national agricultural extension service, creation of an internal economic analysis capacity and the strengthening of the Ministry's program planning, implementation and Monitoring and Evaluation [M&E] capabilities. The Advisor supported the effort to develop work plans for these priorities, including developing a planning template and assisting senior management in plan development.

A grant was awarded for the production of a TV commercial to promote agriculture in Kosovo in support of MAFRD's media campaign "From our land to our table". The commercial will jump-start the Ministry's campaign which is attempting to raise awareness in Kosovo consumers by inviting them to try and buy local products, thus directly contributing to Kosovo agriculture and economy. The Program has supported the MAFRD campaign by negotiating with leading supermarkets for prominent displays in their outlets of Kosovo products.

During this quarter a Program short term technical advisor worked with the USAID to explore the possibility of extending a loan guarantee program for Kosovo commercial banks. This would involve MAFRD using their own funding to pay for the premium to establish a Development Credit Authority (DCA) program for several banks to on lend to the agricultural industry. Two assignments were supported. The conclusions from the first assignment were that both the Ministry and USAID were interested in collaborating; that the Ministry was prepared to allocate between € 2.5 and € 5.0 million to the USG to establish the guarantee; and that there were ways that the guarantee could be used to put downward pressure upon the interest rates. A second assignment was conducted to help to prepare the specifics of the term sheet that would frame the guarantee. The results of this assignment will be used by the USAID/EGAT/DCA team to establish the parameters of the DCA that will be negotiated with each of the participating banks in January 2012.

The Program awarded a grant to a local business service provider to match students with an agricultural background with financial course trainings. It will provide three months of training to 25 of the best graduates from the Agriculture Faculty of University of Prishtina. There will be classroom training in subjects of accounting and financial management, followed by internships with the banks and agribusinesses that will last for 2 months. This course, focused on agro financing, will lead to students being employed by banks and/or agribusinesses and to more informed communication between the two.

1.0 ACCOMPLISHMENTS AGAINST GOALS

The Fiscal Year Two Annual Work Plan was issued to USAID in September 2011. The Activities to which the Program committed were summarized in Annex “A”, an Activities Table, and in Annex “B”, a Schedule for Completion. This Quarterly Report will address all the activities which were scheduled for completion in the period October to December 2011. It will provide a comparison of actual accomplishments with the targets established for the period, and where applicable, it will provide reasons why established goals were not met.

The majority of the first quarter’s activities were associated with soliciting, evaluating and awarding grants to applicants who wished to participate in the Program’s trials of new varieties of fruits and vegetables designed to further the Program’s second specific objective, “Agricultural products diversified and increased”. In Fiscal Year One, the Program had brought in experts to assess Kosovo’s suitability for producing new varieties of established crops; and for introducing new crops such as asparagus, saffron and cultivated blueberries. These experts took into account climate, topography, soil conditions, market demands and made recommendations as to which varieties the Program should introduce. The recommendations not only addressed varieties more favored by today’s markets, but also varieties which would provide a longer growing season and others which would have a greater yield.

Some of the recommended crops, the Program was able to cultivate in the summer of 2011 – for example, lettuce and gherkins. The results of trials on these vegetables were very encouraging; plans to continue with the trials for the more promising varieties were built into the Year Two AWP. Regarding other crops, specifically the fruit crops of apples, table grapes, strawberries, raspberries, and a new crop to Kosovo - cultivated blueberries - the recommendations came too late for planting in 2011.

The Year Two AWP gave priority to planning the purchase of cultivars, seedlings and rootstocks, for these fruits, and to awarding grants to Kosovo farmers wishing to introduce them as trial plantings on their land. Grants were also envisaged for establishing the new varieties of strawberries and blueberries in nurseries so as to enable Kosovo-produced seedlings to be available to Kosovo farmers in future years. Recognizing that the supervision of the trial plantings would be too demanding of the Program’s specialists’ time throughout the growing season in 2012, the Program decided to solicit applications from organizations to act as “supervising” grantees with a detailed list of duties to be performed in overseeing the “growing” grantees.

Following solicitations for growing grantees, more than sixty grant applications were received. Evaluating these applications always necessitated a field visit by the technical staff to the farm applying for the grant to determine its suitability in terms of location, soil conditions, irrigation provisions, and that it was under good management. The grants procedures required a simplified pre-award survey [SPAS] to be performed by the Grants administration staff; and in addition, the Environmental Compliance Specialist had to visit each successful applicant, prior to award, to prepare an Environmental Review [ER] of the land/business involved. If an insufficient number of acceptable grantees were found for a particular crop, the Program encouraged other applications from farmers they thought might be suitable. The complete award process took longer than had been anticipated at the time of drafting the AWP; the intermediate dates for completing the process were often missed, though in the end all the awards planned for the quarter were made, and there will be no detrimental effect on the trial plantings in the spring of 2012. A report on the Grants, Subcontracts and Purchase orders placed in the quarter is attached as Annex 1.

The activities to which the Program committed in the first quarter of Fiscal Year Two, and comments about their achievement, are listed below. The activities reference numbers cited below are those used in the Annual Work Plan. The activities are grouped as summarized in the Activities Table, Annex “A” of the Work Plan.

1.1 VALUE CHAIN DEVELOPMENT

Apples:

Ap-1-2012 Order 12,000 improved variety rootstocks for direct planting in 5 ha. and deliver to field.

Having searched in vain in the United States for a supplier able to deliver the recommended apple plants in time for planting in 2012, a supplier was found in Italy for different varieties having similar characteristics. A source/origin waiver was obtained from the CO to purchase these apple rootstocks from Italy. The purchase order was placed at the end of November – for 14,400 plants rather than 12,000, due to six growers being selected instead of the planned five.

Ap-2-2012 Award grants [5] to farmers with 1 ha. to plant - Growing Grantees

Six awards have been made to apple growers [instead of the planned five] owing to the fact that six very suitable grant applications were received and evaluated.

Ap-3-2012 Award grant to implement initiatives Ap-2-2012 - Supervising Grantee

An award was made to Initiative for Agriculture Development in Kosovo – IADK, a local NGO – to supervise the “growing” grantees for the Apple trial plots.

Ap-4a-2012 Organize Study Tours to visit apple production sites in Italy - October 2011.

Two one-week Study Tours were made in consecutive weeks in October to orchards in Fidenza, a town lying midway between Bologna and Milan – 8 growers attended the first group and 7 the second. The groups visited experimental orchards of apple and pear with different planting density and training systems, and saw modern irrigation and fertigation facilities; received instruction in modern tree pruning; visited farms to see mechanized harvesting platforms; visited fields of mother plants to see virus free material production and were instructed in the cycle for producing young trees including their certification. The groups also visited the packing house of the INTESA group in Faenza, and saw its modern apple? packing, cleaning, sorting, labeling, and storage technologies.

Table Grapes:

TG-1-2012 Order 15,000 improved variety table grape plants for direct planting in 3 ha. and deliver to field.

Having searched in vain in the United States for a supplier able to deliver the recommended table grape plants in time for planting in 2012, a supplier was found in Italy for the two recommended varieties – Red Globe and Crimson Seedless. A source/origin waiver was obtained from the CO to purchase 7,500 rootstocks of each variety from Italy. The purchase order was placed at the end of December. After reviewing the plot layouts and the spacing recommended for the new Vee Style trellising, it was calculated that the plants ordered would be sufficient to plant 6 ha of table grapes.

TG-2-2012 Order Vee Style trellising to support planting of table grapes in 3 ha. and deliver to field.

Four “growing” grantees for the table grape trial plots were identified. The plots, covering a total of 6.2 ha., were surveyed by a Kosovo surveying company. Computer Aided Drafting [CAD] files showing all the details of the plots were included in RFQs sent to possible suppliers in the United States. In January, the Program will evaluate the bids and issue a purchase order for the trellising.

TG-3-2012 Award grants to table grape farmers with 1 ha. to plant - Growing Grantees ,

After several attempts to find suitable applicants, grants were awarded to four vineyards which were keen to diversify into table grape production. Plots to be planted varied from 1-2 ha.

TG-4-2012 Award grant to implement initiatives TG-2 - Supervising Grantee

An award was made to Agrodrini – a horticultural input dealer - to supervise the “growing” grantees for the Table Grape trial plots.

TG-9-2012 Organize a Seminar on table grape cultivation

The Program was unable to secure the services of an STTA to lead the planned seminar in December. The seminar will now be held sometime in January 2012. The STTA will work closely with all the Table Grape grantees during his visit.

Strawberries:

St-1-2012 Order improved variety plants (for nursery and direct planting) and deliver to field.

After searching for the designated strawberry varieties in the United States, and for reasons explained in the “Source/Origin Waiver Request for Procurement of Strawberry and Raspberry Plants” dated Oct. 6, 2011, strawberry varieties were eventually purchased from a UK nursery: 310,000 frozen plants were ordered – 150,000 of Albion, and 160,000 of Honeoye. These quantities are sufficient for planting six hectares of trial plots, and supplying 5,000 of Honeoye to each of two nurseries.

St-2-2012 Award grants to strawberry farmers with up to 1 ha. to plant amounting to 6 ha. in total - Growing Grantees

Ten awards have been made to strawberry growers. Plots varied from 0.3 to 1.0 ha.

St-3-2012 Award grants [2] to strawberry nurseries - Growing Grantees

Two grants were awarded to nurseries to develop mother strawberry plants from Program supplied seedlings.

St-4-2012 Award grant to implement initiative St-2 & St-3 - Supervising Grantee

An award was made to Initiative for Agriculture Development in Kosovo – IADK, a local NGO – to supervise the strawberry “growing” grantees and nursery for the Table Grape trial plots.

Raspberries:

R-1-2012 Order improved variety plants for direct planting and deliver to field.

After searching for the designated raspberry varieties in the United States, and for reasons explained in the “Source/Origin Waiver Request for Procurement of Strawberry and Raspberry Plants” dated Oct. 6, 2011, the varieties were eventually purchased from a UK nursery: 39,000 dormant bareroot canes were ordered –

15,000 of Polka, 15,000 of Tulameen and 9,000 of Autumn Bliss. In addition, 1,000 canes of a new variety, Nova, were sourced from the US. These quantities are sufficient for planting five hectares of trial plots.

R-2-2012 Award grants to farmers with up to 1 ha. to plant amounting to 5 ha. in total - Growing Grantees.

Seven awards have been made to interested raspberry growers. Plots varied from 0.3 to 0.5 ha.

R-3-2012 Award grant to implement initiative R-2 - Supervising Grantee

An award was made to BioLab, a local NGO, to supervise the “growing” grantees for the Raspberry trial plots.

Blueberries:

B-1-2012 Order improved variety plants (for nursery and direct planting) and deliver to field.

14,000 blueberry plants (dormant bareroot canes) were purchased from a United States nursery: 5,600 of Blue Crop, and 2,800 each of Duke, Elliott and Legacy. These quantities will plant 4.5 ha. of trial plots, and 0.5 ha. at a nursery with 2,800 plants (of the same percentage distribution across varieties).

B-2-2012 Award grants [3] to farmers with 2 ha. to plant; and grants [4] to farmers with up to 0.5 ha. to plant - Growing Grantees

Three awards have been made to interested blueberry growers. Two plots were of 2.0 ha. and one of 1.0 ha. There were more applicants, but the soil conditions were considered too unsuitable to risk with these initial trials. A very promising applicant, Hit Flores from Dragash, had to be rejected because it was unable to prove it had a legal right to farm the land.

B-3-2012 Award grants [2] to nurseries - Growing Grantees

Just one award was made to a nursery interested in blueberry plant production. Only one nursery showed interest in expanding into blueberry production

B-4-2012 Award grant to implement initiatives B-2 & B-3 - Supervising Grantee

No satisfactory grant applications were received for this activity. Cultivated blueberries are a new crop to Kosovo. It is important that the USAID’s significant investment in this new crop through the Program’s IIF is well supervised with as much technical expertise as is available in Kosovo. The Program decided to assume this responsibility itself, and the trials will be supervised by the Program’s Fruit Production Specialist supported by international STTA.

Lettuce:

L-1-2012 and

L-2-2012 Modify RDC's subcontract to include supervision through end Sept. 2012

RDC’s subcontract to supervise lettuce production supported by the Program, was modified and extended through the end of FY2012. Going forward under this extended subcontract, RDC will supervise a total of twelve lettuce growers; six from the FY2011 planting season and six new farmers.

L-5-2012 Use of IIF to purchase new processing equipment for pre-cooling lettuce.

An STTA specialist in lettuce post-harvest practices - grading, packing, packaging - and value added bagged lettuce conducted an assignment in December. A decision on what equipment would most benefit the sector was delayed until the STTA makes his recommendations. These were received in the STTA report received at the end of December.

Gherkins:

CG-1-2012 and

CG-2-2012 Modify RDC's subcontract to include supervision through end Sept. 2012

RDC's subcontract to oversee gherkins production supported by the Program was modified and extended through the end of FY2012. Going forward, they will supervise a total of 23 gherkin growers; 9 from the FY2011 planting season and 14 new farmers.

CG-6-2012 Organize "linkages" workshop with gherkin producers, processors, collection centers and wholesale buyers.

This activity has been postponed until early March on the advice of leading processors. At that time they will have a clearer idea of their production plans, and therefore needs, for the year. These will be communicated to the producers at the workshop.

Saffron:

Sa-1-2012 Organize open field day at a current grower for interested growers, buyers and women's associations.

A saffron field day was organized in village Celina, Rahovec Municipality, at the farm of producer Fehim Rexhepi (one of the growers which received saffron corms earlier in 2011, under the IIF) with 16 participants including 8 producers, the owner of essential oil distillatory, an exporter from France and other interested people for saffron. It was the first time all people in Kosovo involved in the saffron value chain had been brought together.

Sa-2-2012 Negotiate for US Military Humanitarian funds to leverage Program assets for planting up to an additional 5 ha. of saffron

This activity was abandoned after the women's association, which might have qualified for US Military Humanitarian funds, expressed no interest in extending the range of its crops to include saffron.

Sa-6-2012 Provide TA from Ms. Lage to producers on harvesting techniques, post-harvest handling and drying in Nov. 2011.

Ms. Lage, a Moroccan citizen, experienced difficulties in entering Kosovo on her second STTA assignment. She was returned to her home base without ever entering the country. A short home-based assignment was substituted in which she prepared a manual on saffron harvest and postharvest procedures. The manual has been translated, distributed to growing grantees and posted on the Program's website.

Sa-9-2012 Identify equipment upgrades necessary at Kosovo laboratories to build capacity for saffron quality testing.

This activity was postponed as it is dependent on the return visit of the STTA Lage who is advising on the production of saffron. Her visit in November was aborted and she is next scheduled to return to Kosovo in June/July 2012.

Sa-10-2012 Support the cost of quality testing in-country or abroad as part of the support to saffron growers and/or local laboratories.

Analysis was performed by KIA (Kosovo Institute for Agriculture); a laboratory in France suggested by Mr. David Guilloux, a French exporter of Kosovo saffron; and in Morocco, at Research Institute of Ms. Mounira Lage, the international consultant. Analyses were performed following the Standard ISO/TS 3632-2, or equivalent. Saffron samples were taken from the Program's grantee "Agrocelina". Test results indicated the samples were of a high quality. [1,180 grams of saffron was harvested in 2011].

1.2 INCREASED AFFORDABLE AND ACCESSIBLE CREDIT:

AC-1-2012 Assist MAFRD to organize Workshop at which donors will present their funding programs to the agricultural community.

The Program's Senior Technical Advisor to MAFRD assisted the Ministry in convening a Donors' roundtable on December 2, at which the Minister presented his plans and near term aspirations for his Ministry. The Minister outlined his priority activities for 2012, and asked for help from donors in developing broader strategic visions and planning of the actions needed to achieve them. Until these plans have been further developed in the light of the Minister's priorities, it is premature to convene a Workshop at which donors will present their funding programs to the agricultural community.

AC-2-2012 Develop consultants specializing in writing large scale grant applications.

The EU delayed their announcement about its new Grants Scheme. Since the purpose of this activity is to develop consultants specializing in accessing these funds, the Program considered it better to delay the training until information about the Grants Scheme was available, and the trained consultants could immediately follow up their training with direct application.

1.3 IMPROVED FOOD QUALITY AND SAFETY:

QS-1-2012 Engage an International HACCP consultant to deliver trainings and introduce food safety standards.

This activity has been postponed until February for scheduling reasons.

QS-2-2012 Provide TA related to fruit processing equipment, food technology, safety and security and VC linkage development.

The Program has had difficulty in locating a suitable candidate in the US to conduct the required technical assistance. In December it was decided to look regionally in Bulgaria or Macedonia. Fruit processing companies have been identified and are keen to receive this assistance. However, in talking with the processors, they would prefer to delay this assistance until June when there will be sufficient raw material supply available to make this assistance meaningful.

1.4 ENVIRONMENTAL COMPLIANCE:

EC-1-2012 Conduct training in four locations to create awareness and build capacities re GlobalGAP, IPM and Safe Use of pesticides.

Five day-long introductory trainings on “GlobalGAP and Safe Use of Pesticides” were held in Prizren, Gjilan, Vushtrii, Peja and Prishtina. A total of 172 participants attended these trainings. RTK’s TV show “Bujku” recorded the last training in Prishtina and aired the recording the following weekend on its weekly show.

EC-7-2012 Engage Alan Schroeder/Fadil Musa to write an addendum to the PERSUAP addressing stone fruits and pears

Alan Schroeder completed a revision of the PERSUAP report to add data about stone fruits which had not been included in the original version. It was formally submitted to USAID on December 22. The report also included updates about pesticides available or not permitted for use in Kosovo. The Program awaits BEO approval of this revised PERSUAP.

1.5 OUTREACH AND GENERAL TRAINING:

OR-3-2012 Award grant to RTK for extending the “Bujku” agricultural program to include the Program's input every second week.

A subcontract was awarded to RTK at the end of December. The Program’s first contribution was taped to run on the weekend of January 15/16 in which the Chief of Party gave an overview of the Program’s objectives, its achievements in the first year, and its planned work activities for the second year. Video recordings of all the Program’s contributions will be posted on the Program’s website.

OR-6-2012 Provide support and seed money to MAFRD's promotional campaign "From our land to our table".

A grant was awarded to INIT Productions to produce a TV commercial for the promotion of agriculture in Kosovo in support of MAFRD’s media campaign. The activity entails producing one longer [45 secs] TV advertisement, and a shorter version [15 secs] of the same advertisement. The commercial, which first aired on January 02, will jump start the Ministry’s campaign attempting to raise awareness in Kosovo consumers by inviting them to try and buy local products, thus directly contributing to Kosovo agriculture and economy. The commercial will be aired through 31 March 2012.

2.0 VALUE CHAINS DEVELOPMENT

As can be seen from the preceding Section, much attention has been devoted in the past quarter to activities preparatory to the trial plantings of new varieties of fruits and vegetables planned for the spring/summer of 2012. These included sourcing and obtaining quotations for supply and delivery of the necessary plant materials. All of these required waivers to purchase seeds and plant materials as agricultural commodities; and since the majority were being sourced from Italy and the UK, subsequent source/origin waivers had to be approved by USAID. In general, the varieties have been selected so as to extend the production season, to be more disease resistant and to provide product more demanded by the market. The new varieties were not obtainable in Kosovo. Though some might have been found in Serbia which has been a source of horticultural seedlings and rootstocks in the past, there have been too many instances of such imports being diseased and uncertified. The Program is assured that the imports which will arrive in the spring of 2012 will have credible certifications.

The Program team also awarded grants to support the trial plantings of these new varieties of fruits and vegetables. In total, the Program awarded 37 grants in the quarter; 30 for growers; 3 for nurseries; and 4 for organizations supervising the growers. Environmental reports were prepared on each grantee. The whole team participated in determining these awards. The Program assured itself that the grantees were committed to participate fully in these trials, during which improved management practices will be introduced such as soil testing and enhancement, plot preparation, weeding, planting techniques, irrigation and fertigation, integrated pest management and harvesting techniques. Each of the supervising grantees, who between them, will manage a total of 86 planted plots, committed to employing a dedicated IPM specialist who will participate in all the environmental trainings planned for FYQ2, and at least two students to work on elements of the supervisory work. With this approach, the Program intends to build capacities for better plant management in the agricultural community.

Two one week Study Tours were made in consecutive weeks in October to orchards in Italy. 17 growers participated. The groups visited experimental orchards of apple and pear with different planting density and training systems, and saw modern irrigation and fertigation facilities; received instruction in modern tree pruning; visited farms to see mechanized harvesting platforms; visited fields of mothers plants to see virus free material production and be instructed in the cycle for producing young trees including their certification. A significant development following the visits was when some of the attendees, on their own initiative, invited the Italian Professor who led the tours to come to Kosovo and continue providing advice.

The Program continued to build linkages between farmers/producers, processors and supermarkets. A significant event was the signing of a written contract for purchase and sales of apples between the company “Fatosi Com” and the producer Mr. Hivzija Medunjanin from village Blagaje, Peja Municipality. The contract specified grade/quality and the corresponding price, and there was commitment on both sides to buy and sell the total output of the producer. Linkages with other supermarket chains are being developed.

The Program also planned its assistance to local retail chains to organize proper “Kosovo made” or “Kosovo grown” product displays in their shops. This initiative is being coordinated with the media project of MAFRD, “From our land to our table”. The goal is to create awareness of Kosovo-grown food products.

3.0 INCREASED AND AFFORDABLE FINANCE

3.1 Assistance to MAFRD to establish a Development Credit Authority (DCA) program

During this quarter NOA short-term technical expertise worked with the USAID Mission and USAID/EGAT/DCA personnel to explore the possibility of extending a loan guarantee program for Kosovo commercial banks. This would involve the Ministry of Agriculture using their own funding to pay for the premium to establish a Development Credit Authority (DCA) program for several banks to on lend to the agricultural industry.

The first part of the assignment, included visits with the commercial banks, the Ministry of Agriculture, the Central Bank of Kosovo, and agricultural producers and processors, to assess the level of agricultural lending experience, understand the constraints to lending to the sector, and ascertain the need for additional financing within the industry. This first visit affirmed that the agriculture sector had the lowest level of credit from the formal financial institutions (3.3% of all banking assets), and that interest rates were high. Constraints to increased use of credit were the relatively higher rates of interest, and a lack of properly structured investment opportunities for the banks, as well as a very low level of exposure by the banking industry as a whole to the industry. The conclusions from this first assignment were that both the Ministry and USAID were interested in collaborating; that the Ministry was prepared to gift between € 2.5 and € 5.0 million to the USG to establish the guarantee; and that there were ways that the guarantee could be used to put downward pressure upon the interest rates.

This agreement in principle was followed up with a visit by the Minister of Agriculture to the Office of Development Credit in Washington, to confirm the interest of all parties, and this resulted in the issuance of a joint press release by USAID and the Ministry confirming their mutual desires to continue to work towards the launching of the DCA supported guarantee.

A second assignment was conducted to help to prepare the specifics of the term sheet that would frame the guarantee. This included meeting with six commercial banks and the Central Bank of Kosovo to discuss actual lending rates, determine the optimal size of loans to be guaranteed, estimate demand for the product and determine to what degree the guarantee would help to bring down relatively high interest rates. The assignment determined that the size of loans where the guarantee would most effective would be between € 5,000 and € 50,000, but that to encourage lending of working lines of credit to newly created or smaller agricultural processors that the guarantee range should go from € 2,500 to € 125,000. In addition, it was determined that the Central Bank of Kosovo would be able to provide the information that would allow the Ministry to track the progress in interest rate reduction by providing weighted average interest rates for all agricultural loans, and for all loans made to agro-processors. These metrics can then be used to compare against the loans being guaranteed under the MAFRD funded DCA to ensure a reduction in interest rates and a substantial increase in leverage and financing activity to the industry. The results of this assignment will be used by the USAID/EGAT/DCA team to establish the parameters of the DCA that will be negotiated with each of the participating banks in January 2012. To date, six commercial banks are interested: ProCredit Bank (with 85% of the lending activity to the industry), Raiffeisen Bank of Kosovo (10% of the lending activity to the industry), NLB, BKT, TEB, and Banka Ekonomika.

3.2 Training of new entrants to agriculture

The Program awarded a grant to AFAS Consulting to provide Training and an Internship Program for 25 of the best students from the Agriculture Faculty at the University of Prishtina. From a total of 110 applicants, 45 students were selected for interview in early December by an AFAS board on which the Program was represented. In addition to the 25 students funded by the Program, four more are attending the course at their own expense. Classroom training will take place over a period of three months and will address subjects of accounting and financial management. Training comprises five modules covering: Understanding Financial Statements, Analyzing Financial Statements, Cash Management and Budgeting, Cost Accounting, and Developing Project Proposals. The first classes took place in the second half of December.

Following classroom training, the students will be placed as interns with financial institutions and agribusinesses. The internships with the companies will last for 2 months.

The Project aims to equip the trainees with the skills necessary to work in the field of agro financing, and provide on-the-job training and apprenticeships that will lead to job placement.

3.3 Assistance in accessing Donor Grants Programs

The EU delayed their announcement about its new Grants Scheme. Originally planned for September, the announcement was first postponed to November, and then again until January/February. Since the purpose of this activity is to develop consultants specializing in accessing these funds, the Program considered it better to delay the training until information about the Grants Scheme was available, and the trained consultants could immediately follow up their training with direct application. Currently the training has been rescheduled for end January/early February.

4.0 IMPROVED FOOD QUALITY AND SAFETY

The Program had planned this quarter to engage a Regional/International HACCP consultant to prepare training materials, assess local food laboratory capabilities, deliver trainings to participants, introduce food safety standards used in global food industry to participants; and prepare a report on food safety standard requirements and recommendations. This activity was delayed due to scheduling difficulties. At the end of the year arrangements were made with a Macedonian consultant, familiar with Kosovo processing firms, to conduct a series of visits to 6-8 processing companies and Kosovo's food testing laboratories at the end of January. He will recommend upgrades in capacities of existing and startup fruit and vegetable processing plants; and will prepare a training plan, timelines and materials required for training. In March, the same consultant will conduct four-days of training on HACCP standard requirements and implementation procedures, for 10 - 15 participants selected by NOA program;

The Program also planned to provide Technical Assistance to existing processors in Kosovo related to processing equipment, food technology, food safety and security and value chain linkage development. The intent was to engage an International fruit processing for a period of one month. The main work will be done with the large processors: ABI, EuroFood, ASK Food, MOEA and Koral. Small processing plants will be visited by the consultants and activities for future assistance will be proposed. The Program had difficulty in locating a suitable candidate in the US to conduct the required technical assistance. In December it was decided to look regionally in Bulgaria or Macedonia. Fruit processing companies have been identified and are keen to receive this assistance. However, in talking with the processors, they would prefer to delay this assistance until June when there will be sufficient raw material supply available to make this assistance meaningful.

Food quality and safety is a major concern in Kosovo. Many Kosovars still prefer buying imported products because they believe they have been produced under better quality control conditions. In December, one of our international advisors gave a presentation to some 20 lettuce producers. To demonstrate the inherent dangers of using uncomposted manure he cited three major poisonings resulting from its use: on a cucumber farm in Germany last year, on a lettuce farm in California in 2008, and on a cantaloupe farm in Colorado in 2005. Not only were the deaths and illnesses they caused tragic, but the loss in sales to businesses was staggering. The whole sector suffers when there is an outbreak of e-coli on just one farm. This message is being actively communicated to all the growers with whom the program is working, and will be the subject of an article in the February edition of the Program's Newsletter. Other examples will be sought with which to impress Kosovo farmers of potential sources of contaminated produce, and how they might be avoided.

In Section 6.3 which follows, the Program's work in the quarter in promoting "GlobalGAP and Safe Use of Pesticides" is described. The objective of this activity was to create awareness and outline the steps that need to be taken to build the capacity of local producers, phytosanitary inspectors, local agricultural consultants, collection centers and traders on GlobalGAP pesticide safety standards, and safe use of pesticides applications requirements. Further trainings are planned for FYQ2.

5.0 IMPROVED COORDINATION WITHIN AGRICULTURAL SECTOR

5.1 Restructuring and Planning within the MAFRD

Planning for the 2012 restructuring of MAFRD occupied much of the fourth quarter of 2011. Based on work done under the EU Agriculture Twinning program, the planned restructuring was expanded to include the creation of several new functions, including the creation of a new national agricultural extension service, creation of an internal economic analysis capacity and the strengthening of the ministry's program planning, implementation and M&E capabilities. The Minister established priority activities for MAFRD in 2012 and designated responsible senior staff as shown in Table 1. The MSTA was assigned primary responsibility for 7 of the 15 activities and secondary responsibilities on 3 others. The MSTA supported the 2012 level work planning effort to develop work plans for these priorities, including developing a planning template and assisting senior management in plan development. Draft work plans for the high priority activities were reviewed with the Minister on Dec. 16.

Table 1: Highest Priority Activities for MAFRD in 2012

Priority	Activity	Primary Responsibility
1	<i>Ag Credit Guarantee Program</i>	<i>Greg Vaut</i>
2	Collection Center Grants	Uran Ismaili*
3	Establish Market Development Unit	Arta Balaj*
4	<i>Establish National Agricultural Extension Service</i>	<i>Greg Vaut</i>
5	<i>Establish Economic Analysis Unit</i>	<i>Greg Vaut</i>
6	<i>Improve Evaluation and Monitoring Unit</i>	<i>Greg Vaut</i>
7	Improve Statistics Unit and Plan for 2013 Ag Census	Nysrete Doda
8	<i>Restructure MAFRD Research Institutes</i>	<i>Greg Vaut</i>
9	<i>Plan for AVUK integration into MAFRD</i>	<i>Greg Vaut</i>
10	Improve Forestry Operations	Bashkim Thaqi**
11	<i>Donor Coordination</i>	<i>Greg Vaut</i>
12	Plan and Implement Communications Strategy	Arta Balaj
13	Develop Annual Legislative Plan	Artan Qerkini
14	Implement World Bank Project	Uran Ismaili
15	Implement Danida Project	Nysrete Doda

* MSTA has secondary or supporting responsibility

** MSTA responsible for donor coordination aspects (Austrian, FAO, Finland, Norway, Sweden and USA).

5.2 Ag Credit Guarantee Program

Plans for the Agricultural Credit Guarantee Program (ACGP) progressed well. After a false start following the recommendations of an EU provided consultant, MAFRD altered its plans to take advantage of the USAID DCA model in creating the ACGP. STTA provided through the NOA project (Ken Smarzik) was instrumental in helping to identify the principal parameters of the program by the end of FYQ1. MAFRD received assurances from the Ministry of Finance that up to €5 million would be available to purchase the guarantee through USAID/DCA. To date, NOA-supported agricultural finance expert Ken Smarzik has made two trips to Kosovo (two in the present quarter) to interview MAFRD, commercial banks, and the Central Banks to develop the baseline information and parameters for the guarantee program, in conjunction with USAID/DCA/WashDC. More details about this activity are reported in Section 2.1 above.

5.3 Collection Center Grants

MAFRD proposes to make three grants, totaling €2.5 - €3 million to private sector grantees to build three multi-purpose fresh fruit and vegetable collection centers, one in each of three regions of the country. Preliminary engineering and architectural designs and budget estimates were completed for the collection, with technical support provided by NOA. Following completion of the technical specifications for the storage centers, the MSTA passed responsibility for further development and implementation of the grants program to the MAFRD Senior Political Adviser. MAFRD intended to issue the RFP for this program in Q1 FY 2012, but the activity has been delayed by problems in completing the RFP and proposal review procedures. It is expected that this activity will resume in Q2 and that the grants will be awarded sometime in that quarter. As a result, the start-up of the centers has been effectively delayed to the FY 2013 season.

5.4 Establish Market Development Unit

Toward the end of FYQ1, the Minister affirmed his intention to create a market development unit within MAFRD, loosely modeled on the Agricultural Market Agency of the Austrian Ministry of Agriculture. NOA provided some technical support to MAFRD's campaign "From our land to our table" during the quarter by funding the production of a TV commercial. NOA is also developing programs with local supermarkets to support increased consumption of Kosovo products in the home market. It is expected that the new market development unit will build on these first initiatives and that MAFRD and NOA will be able to continue to work together on this activity for the balance of FY 2012.

5.5 Establish National Agricultural Extension Service

In some ways, the establishment of the new national Agricultural Extension System (AES) may prove to be the most significant structural change by MAFRD in terms of its potential long term benefit to Kosovo agriculture. This multi-year program was derived from the EU funded twinning program between MAFRD and the ministries of agriculture of Austria, Bulgaria and Slovenia which ended in mid 2011. Detailed planning began in Q4 FY 2011 and continued in Q1 FY 2012 with the support of the MSTA. The working team has identified major needs for STTA and training in 2012 which will require substantial donor support. MAFRD's proposal to USDA/USAID was rejected. However, it is hoped that USAID will be able to support this activity in the future. Discussions with other agricultural donors began in Q1. The strategy for the structure of the AES was developed by the MSTA, as shown in Annex 2.

Planning for extension staff training developed during Q3 FY 2011. MAFRD and the Faculty of Agriculture Dept. of Agricultural Economics have reached preliminary agreement for the department to provide extension staff training in farm management and other economics-related areas. Discussions were held with the Institute of Pedagogy to support extension staff training in adult education and extension methodology. During this quarter, the MSTA also worked with the Israel Development Organization, MASHAV, to try to qualify MAFRD extension staff to participate in MASHAV training programs. Unfortunately, MASHAV insists on strong English skills as a qualification. (After interview of 16 candidates, none were found acceptable to MASHAV.) USDA also offered extension related training under the Cochran program, but again, the language requirement precluded MAFRD staff from taking advantage of this. Discussions were

held with NOA to better integrate MAFRD extension personnel into NOA's ongoing technical training programs.

5.6 Establish Economic Analysis Unit

Based on a recommendation by the MSTA to strengthen the economic analysis capacity of MAFRD, the Minister agreed to the creation of an Economic Analysis Unit. The MAFRD proposal to USAID/USDA to support this was rejected during the MAFRD's US visit (see section 5.9 below). Subsequently, TORs were prepared for STTA to assist in the design and start-up of the unit and submitted to GIZ, FAO and USAID. GIZ and USAID approved technical assistance support for FYQ2, and two regional consultants funded by NOA will start their assignments in January. The FAO proposal is still pending. A fourth TOR was drafted and submitted to FAO and the forestry donors' consortium requesting STTA in forestry economics to expand the EAU to include forestry activities (scheduled for early Q3 FY 2012).

5.7 Restructure MAFRD Research Institutes

One important activity related to the establishment of the AES was the recognition of the need to rationalize the functions and capabilities of the four scientific institutes under the Ministry's responsibility:

1. The Kosovo Institute of Agriculture
2. The Institute of Viticulture and Oenology
3. The Kosovo Center for Livestock Breeding
4. The Kosovo Forestry Institute

After several months of analysis by the MSTA, the recommendation was made and accepted by the Minister to merge the first three institutes under the AES and to focus their functions on service to farmers and agribusiness (including the food industry) through the AES. A further recommendation was to rationalize the laboratory and analytical services of the four institutes to minimize duplication. A TOR was prepared for Q1 FY 2012 STTA to assist in developing a strategy for this rationalization. The restructuring concept is demonstrated in Annex 3.

3.8 Donor Coordination

During the quarter, the MSTA led an effort to strengthen MAFRD's working relations with the donor community. The kick-off of this effort was a High Level Donor Roundtable on December 1, which was attended by 12 Ambassadors and 8 heads of bilateral or multilateral development agencies. The MSTA was responsible for organizing the meeting, preparing the agenda and drafting the Minister's speech and the Prime Minister's remarks. Roundtable was followed up by one-on-one meetings with various development agencies and implementers which continue through 2012.

The MSTA was asked to focus on the complicated issues of donor coordination for the Ministry's forestry related activities. The task of encouraging cooperation and communication between the donors themselves, as well as improving the Ministry's own project implementation capacities, will go on through 2012.

5.9 MAFRD Delegation to the US

During October 15-22, the Minister led a MAFRD delegation to the US for meetings with the US Dept. of State, US Dept. of Agriculture (USDA), and USAID, as well as with the University of Vermont, the Vermont Agricultural Extension Service and local agribusinesses. The principal goal of the trip was to increase the visibility of MAFRD in the Kosovo press and improve the Ministry's image and prestige in the GOK. The MSTA had primary responsibility for planning the mission and for preparing the Minister for the discussions. The meeting with USAID/DCA proved important in establishing a common understanding between USAID and MAFRD on the planning for the Ministry's agricultural credit guarantee program and the proposed DCA guarantee. The meeting with USDA failed to result in an agreement for USDA support to MAFRD. The Vermont visits were useful in demonstrating the potential of agricultural extension service to support small

farmers and rural entrepreneurs. Overall, the Minister was quite pleased with the trip and its effectiveness in meeting its principal goal. The press received met the trip's goal.

6.0 ENVIRONMENTAL COMPLIANCE

6.1 Environmental Reports

The Program submitted Environmental Reports (ERs) for all grants awarded in the quarter; 30 for growers; 4 for supervisors; and 3 for nurseries. After submitting individual ERs on each growing grantee for the apple trials, the Program's Environmental Compliance Specialist submitted composite ERs for the growers of table grapes, raspberries, strawberries and blueberries, treating the trials for each crop as a single project. The Program's technical staff assisted in collecting data, and what could have been a very lengthy activity was considerably shortened. The Program was pleased to receive commendation from the BEO, Washington, on the ERs submitted.

6.2 Amendment to the PERSUAP

STTA Dr. Alan Schroeder completed an update of the PERSUAP produced in June 2011. The update addressed crops that have not been part of the PERSUAP (DCN 2011-KOS-055), essentially stone fruits, and made mode modifications to ensure the report remained current and accurate. It was submitted to USAID for approval on Dec. 21.

6.3 Introduction to GlobalGAP, and the basic principles of IPM and Safe Use of Pesticides.

The Program provided five day-long introductory trainings on "GlobalGAP and Safe Use of Pesticides" in Prizren, Gjilan, Vushtrri, Peja and Prishtina. The objective of this activity was to create awareness and outline the steps that need to be taken to build the capacity of local producers, phytosanitary inspectors, local agricultural consultants, collection centers and traders on GlobalGAP pesticide safety standards, and safe use of pesticides applications requirements. A total of 172 participants attended these trainings. TV show "Bujku" was present at the last training in Prishtina.

These introductory trainings will be reinforced in the next quarter by the following focused trainings:

- In late January, Dr. Fadil Musa, contracted by the Program, will provide a course of five days, three hours per day, on General aspects of Integrated Pest Management [IPM], common to all crops. The IPM specialist at each of the six supervising grantees [for apples, table grapes, strawberries, raspberries, lettuce and gherkins] together with two students from each of the supervising grantees will attend. Also invited will be spraying service providers, and up to three MAFRD representatives.
- In mid February, Dr. Alan Schroeder, the author of the PERSUAP, will deliver train-the-trainers sessions to the same groups as above, but minus the students. The Program has ordered sets of Personal Protective Equipment [PPE] to be used in demonstrations of the correct handling and application of pesticides. 75% of these trainings will be practicals conducted in the field.
- In early March, Dr. Fadil Musa will conduct three weeks of crop-specific trainings for the six crops addressed above. [blueberries and asparagus will be subject of separate trainings later in the year]. These trainings will also be mainly conducted in the field at the farms of the growing grantees.

Each of the supervising grantees will also prepare a crop specific manual on good practices of IPM for use by their growing grantee. Dr. Musa, InterCooperation and the Program's Environmental Compliance Specialist will assist in its preparation. From March onwards, the supervising grantees will be responsible for implementing IPM at the several growing grantees.

7.0 INNOVATION AND INCENTIVE FUND

There was intensive activity from the IIF team, assisted by the technical staff, during the quarter. The objective was to award grants to farmers who would be receiving as In-Kind grants the imported seeds, cultivars, seedlings and rootstocks of new varieties of fruits and vegetables which had been recommended by the various STTAs during 2011. Recognizing that the supervision of the trial plantings would be too demanding of the Program's specialists' time throughout the growing season of 2012, the Program decided to solicit applications from organizations to act as "supervising" grantees with a detailed list of duties to be performed in overseeing the "growing" grantees.

Following solicitations for growing grantees, more than sixty grant applications were received. Evaluating these applications always necessitated a field visit by the technical staff to the farm applying for the grant to determine its suitability in terms of location, soil conditions, irrigation provisions, and good management; also, that the applicant had a legal right to plant the land. The grants procedures required a simplified pre-award survey [SPAS] to be performed by the Grants administration staff; and in addition, the Environmental Compliance Specialist had to visit each successful applicant, prior to award, to prepare an Environmental Review [ER] of the land/business involved. If an insufficient number of acceptable grantees were found for a particular crop, the Program encouraged other applications from farmers they thought might be suitable. The complete award process took longer than had been anticipated at the time of drafting the AWP; the intermediate dates for completing the process were often missed, though in the end all the awards planned for the quarter were made, and there will be no detrimental effect on the trial plantings in the spring of 2012.

In the quarter, 37 grants were awarded: 30 to growers; 4 to supervisors; and 3 to nurseries. These cover the trial plantings of apples, table grapes, strawberries, raspberries and blueberries. The subcontract with Rural Development Centre [RDC], for the supervision of trial plantings of lettuce and gherkins, was extended for a second year. There will be 12 lettuce growers and 23 gherkin growers participating in the trials under the supervision of RDC. In the coming quarter, grants will be awarded to 5 growers of asparagus [transplanting the seedlings produced by nurseries in 2011]; to 3 nurseries for again producing asparagus seedlings [a repeat of last year's trials, but maybe involving a new nursery]; and to four new saffron growers [another repeat of last year's trials but with new farmers]. In total, 86 trial plots will be under management by the Program in 2012.

In June, grants to four farmers wanting to install anti-hail equipment had been awarded. Unfortunately the offers received, which the Program stipulated had to be made through a Kosovo-registered company if the monies were to be allocated from the IIF, were excessively over-priced. Since the cost share arrangement was 50/50 – the beneficiary covering an equal area of his orchard with the anti-hail system at his own expense – the beneficiaries declined to participate. Later, a waiver was obtained for the purchases to be made from regional countries, and systems from Italy and Austria were purchased.

The problem of purchasing equipment from outside Kosovo with monies from the IIF remains an issue. The waiver referred to above was to allow purchase outside of the Task Order-specified Geo Code 000. As matters stand at the date of this report, the Program is still not permitted to make an IIF-funded purchase from outside Kosovo without applying first for a waiver/approval from USAID. Rather, the expense must be charged against the budget line item, "Activities". If this continues, the monies allocation to line item "Activities" will be exceeded; and it will be difficult to fully spend the monies in the IIF. It is expected that this problem will be resolved in the next quarter when the Program seeks further clarification from USAID.

8.0 PERFORMANCE MONITORING

In October, the Program submitted a revised Performance Monitoring Plan [PMP]. This was developed after the experience and general knowledge acquired during the first seven months of program implementation had been assessed. As a result the PMP reflected more realistic expectations; there was a combined focus on import substitution as well as modest but progressive focus on export development which will provide a more effective approach, at least in the first 2 years of Program implementation

While in the process of preparing this revised (October 2011) PMP, Program Staff developed a bank of tools that will be used to collect data and information that will enable us to accurately report on progress towards meeting set targets and objectives.

All project staff, supervising grantees and possibly other partners that will be involved in data collection and monitoring activities will be trained on the basics of the PMP, its implementation and how to administer data collection and monitoring tools correctly. This training was planned for early December 2011, once grants had been awarded to all supervising grantees. However, as stated elsewhere in this report, finalizing of all the grantees was not completed till late in December. The training will now take place in the second half of January 2012.

The indicators in the Program Indicator Matrix of the PMP which are to be reported quarterly, and the results achieved this quarter, are shown in Annex 4.

9.0 OUTREACH AND TRAINING

9.1 Program Website

The Program Website [<http://www.noakos.com>] continues to publicize the work and results produced by the Program. It presents one of the main methods by which the Program communicates with our potential and actual customers, and is a depository for the substantial amount of information that the Program is producing. The website is under continuous refinement and the team has received compliments from numerous sources on the information it provides. Some complaints have been received regarding the time viewers are taking to access articles; upon investigation, this was determined to be the temporary result of work being undertaken to improve the speed and infrastructure of the networks by the two main internet providers in Kosovo.

9.2 Program Newsletter

The first Newsletter was written to be distributed mid-January 2012. The main article in the first issue provided an overview of the objectives of the Program, the work accomplished in the first year and the priority activities planned for the second year. The two short articles addressed “Reducing Imports – Increasing Production of Lettuce” and “Diversifying Crops- Introducing Asparagus to Kosovo”. The Newsletter will be published on the Project Website, sent electronically to all our contacts, and distributed in hard copy to major institutions.

9.3 Reports, Assessments and Manuals

At the end of each STTA assignment, the technical advisor produces a report on his/her visit and concludes with a set of conclusions and recommendations for future activity. These reports are posted on the website, and include any Powerpoint presentations developed by the STTA. During FYQ1, reports were produced by STTAs on: asparagus production; lettuce cooling and packaging; and regional new market opportunity assessments.

9.4 Use of the Media

The Program negotiated with RTK’s agricultural program “Bujku” and awarded a grant for NOA to have a 20 minute slot on their show every two weeks. The first show, in which the Chief of Party presented an overview of the Program similar in content to that of the first Newsletter – see 10.2 above, was taped at the end of the year for showing in mid January. The Program also contracted with the International STTA, Bruce Williams, to assist in program preparations and monitor its development. He will start his assignment in early January.

9.5 “From our land to our table” – “Nga toka jone, përfson tone”

In FYQ1, MAFRD announced its next media project called “From our land, to our table”. The Minister himself kicked off the campaign in various speeches and interviews, and has mentioned the initiative during visits to agriculture businesses around Kosovo. A grant was awarded to INIT Productions to produce a TV commercial for the promotion of agriculture in Kosovo in support of MAFRD’s media campaign. The commercial, which first aired on January 02, will jump start the Ministry’s campaign attempting to raise awareness in Kosovo consumers by inviting them to try and buy local products, thus directly contributing to Kosovo agriculture and economy. The commercial will be aired through 31 March 2012.

10.0 PLANS FOR NEXT QUARTER

The plans for the next quarter are set out in the Fiscal Year Two Annual Work Plan which was issued to USAID in September 2011. The Activities to which the Program committed are summarized in Annex “A”, an Activities Table, and in Annex “B”, a Schedule for Completion. In the coming quarter, the program will complete those activities which remain outstanding from the first quarter, unless they have been deliberately postponed to the third or fourth quarter, as well as move ahead to address the activities planned for the quarter.

11.1 VALUE CHAINS DEVELOPMENT

Apples

Ap-10-2012 Organize and co-sponsor the participation of traders and producers of apples in Fruit Logistica trade show in Berlin.

Table grapes

TG-2-2012 Order Vee Style trellising to support planting of table grapes in 3 ha. and deliver to field.

TG-9-2012 Organize a Seminar on table grape cultivation

TG-8-2012 Facilitate participation of traders and producers of table grapes in Fruit Logistica trade show in Berlin

Strawberries

St-8-2012 Organize meetings between Albanian Importers and potential Kosovar Exporters.

St-9-2012 Support for strawberry lead farmers to attend the Fruit Logistica fresh produce trade show in Berlin, Germany

Lettuce

L-5-2012 Use of IIF to purchase new processing equipment for pre-cooling lettuce.

L-3-2012 FtF volunteer support with on-site technical assistance to growers during early lettuce production.

Gherkins

CG-6-2012 Organize "linkages" workshop with gherkin producers, processors, collection centers and wholesale buyers.

CG-7-2012 Organize "linkages" workshop with Kosovo's value chain actors and regional buyers.

CG-8-2012 Facilitate participation of traders and producers of gherkins in Fruit Logistica trade show in Berlin

Asparagus

AS-1-2012 Award grants [3] to farmers with up to 1 ha. to plant amounting to 3 ha. in total - Growing Grantees .

- AS-2-2012* *Order further 180,000 seeds for nurseries already determined and deliver to field.*
- AS-3-2012* *Award grant to implement initiatives AS-1 & AS-2 - Supervising Grantee*
- As-5-2012* *Organize Study Tour to asparagus production centers in Spain for nurserymen and growers.*

Saffron

- Sa-11-2012* *Build linkages between potential buyers and saffron producers in Kosovo*

11.2 INCREASED AND AFFORDABLE FINANCE

- AC-2-2012* *Develop consultants specializing in writing large scale grant applications.*
- AC-5-2012* *Develop/implement a program for training farmers in modern financial management skills*
- AC-3-2012* *Train 25 of the best students from the Public Agricultural Faculty in basics of agricultural finance*

11.3 IMPROVED FOOD QUALITY AND SAFETY

- QS-1-2012* *Engage an International HACCP consultant to deliver trainings and introduce food safety standards.*
- QS-4-2012* *Organize a Study Tour to a food processing trade show in Turkey to gain new knowledge on equipment needs.*

11.4 ENVIRONMENTAL COMPLIANCE

- EC-2-2012* *Set up an Environmental Committee and develop PMPs for crops with which the Program is working and providing TA.*
- EC-3-2012* *Engage a STTA to plan, prepare materials for, and deliver a four day train-the-trainers workshop on SUP and EP*
- EC-4-2012* *Develop training modules to increase farmers' knowledge through repeated trainings on IPM tools.*

11.5 OUTREACH AND TRAINING

- OR-2-2012* *Produce a monthly Newsletter with first issue in January 2012*
- OR-4-2012* *Recall the International FtF STTA, Bruce Williams, to help "Bujku" program preparations and monitor its development.*
- OR-5-2012* *Organize an Investment Promotion Meeting related to agriculture in collaboration with MAFRD.*

Activities planned to be completed in the first two quarters, but on further consideration deliberately postponed into later quarters:

- Sa-9-2012* *Identify equipment upgrades necessary at Kosovo laboratories to build capacity re saffron quality testing.*
- QS-2-2012* *Provide TA related to FRUIT processing equipment, food technology, safety and security and VC linkage development.*

ANNEX 1

GRANTS AND SUBCONTRACTS

The Tables that follow show the status of all Grants and Subcontracts awarded to date.

STATUS OF GRANTS AWARDED FROM I.I.F @ 31.12.2011

IIF Ref. #	IIF Awardee	Purpose/Description	Total Amount €	USAID approval	Start Date	End Date	Amount Disbursed	Land Area - if applicable	Actual/Expected Achievements	Follow-up Activity, if any
G-001	MOEA LLC	Hail Protection Kravarica	€ 36,370	12-Jul-11	6-May-11	31-Dec-11	€ 0	2.5 ha	Fewer apple crop losses	Obtain waivers before purchase of In-Kind materials
G-002	AFAS	Training and Internship program for the Best Agriculture Faculty	€ 26,250	14-Nov-11	14-Nov-11	14-May-12	€ 0	n/a	25 graduates trained	After training course, arrange for internships
G-003	Ask Foods	Irrigation system and fertigation 10 ha	Cancelled							
G-004	Heron & Adea LLC	Construction of hail protection	€ 36,070	13-Jul-11	6-May-11	31-Dec-11	€ 0	3.5 ha.	Fewer apple crop losses	Obtain waivers before purchase of In-Kind materials
G-005	Fidanishtja Bytyqi	Installation of Fertigation System and Fruit Tree and Ornamentals nursery	€ 8,300	7-Jul-11	15-Jul-11	14-Jun-12	€ 0	7.0 ha.	Imp'd quality/ reduced costs	Demonstrate fertigation system to other farmers and input dealers
G-006	Ask Foods	Anti Hail system for 6.5ha	€ 48,500	27-Oct-11	1-Nov-11	31-May-12	€ 0	4 ha.	Fewer apple crop losses	Obtain waivers before purchase of In-Kind materials
G-007	Agroprodukt Syne [APS]	Kosova's Golden Spice	€ 41,250	15-Jul-11	6-May-11	31-Oct-11	€ 36,975	1.9 ha.	730 gr.	Repeat grant for plantings in 2012
G-008	Agrosera	Improve collection capacity for grading and sorting fresh vegetables	€ 19,200	6-Jul-11	6-May-11	30-Sep-11	€ 19,200	n/a		
G-009	Agrocelina	Saffron Cultivation in 0.5 ha	€ 13,750	6-Jul-11	6-May-11	31-Jun-12	€ 12,325	0.5 ha.	450 gr.	Repeat grant for plantings in 2012
G-010	Sunrise	Anti Hail system for 2 ha	Cancelled							
G-011	Eurofruti	HACCP requirements	€ 29,650	28-Oct-11	1-Nov-11	31-Dec-11	€ 0	n/a	Preparation for HACCP	Purchase In-Kind materials
G-012	Dielloni-E	Cooling storage for apple and pears	€ 16,689	1-Nov-11	3-Nov-11	31-Jan-12	€ 0	n/a	Improved apple storage	Purchase In-Kind materials
G-013	IADK	Apple Supervision	€ 33,400	8-Nov-11	1-Dec-11	31-Oct-12	€ 0	n/a		Supervisor to attend Train-the-trainers trainings on IPM

STATUS OF GRANTS AWARDED FROM I.I.F @ 31.12.2011

G-014	Heron & Adea LLC	Apple growers	€ 16,478	22-Nov-11	1-Dec-11	31-Oct-12	€ 0	1 ha.	Apple rootstocks to be distributed to Growers upon arrival from Italy as In-Kind contribution
G-015	Me Agro		€ 16,478	11-Nov-11	1-Dec-11	31-Oct-12	€ 0	1 ha.	
G-016	Agrounion sh.p.k.		€ 16,478	22-Nov-11	1-Dec-11	31-Oct-12	€ 0	1 ha.	
G-017	Agrovizioni		€ 16,478	17-Nov-11	1-Dec-11	31-Oct-12	€ 0	1 ha.	
G-018	UVB		€ 16,478	22-Nov-11	1-Dec-11	31-Oct-12	€ 0	1 ha.	
G-019	Sofije Veseli		€ 16,478	18-Nov-11	1-Dec-11	31-Oct-12	€ 0	1 ha.	
G-020	Agro-Drini	Supervisory table grape	€ 33,686	1-Dec-11	7-Dec-11	31-Oct-12	€ 0	n/a	Supervisor to attend Train-the-trainers trainings on IPM
G-021	NGO Zeri Bujkut	Table grape growers	€ 46,060	7-Dec-11	7-Dec-11	31-Oct-12	€ 0	1.7 ha	Table Grape rootstocks to be distributed to Growers upon arrival from Italy as In-Kind contribution
G-022	Speed Company		€ 27,095	7-Dec-11	7-Dec-11	31-Oct-12	€ 0	1 ha.	
G-023	Fehmi Sokoli		€ 40,350	7-Dec-11	7-Dec-11	31-Oct-12	€ 0	1.5 ha.	
G-024	StoneCastle		€ 52,000	7-Dec-11	7-Dec-11	31-Oct-12	€ 0	2 ha.	
G-025	IADK	Strawberry supervision	€ 28,000	25-Nov-11	8-Dec-11	31-Oct-12	€ 0	n/a	Supervisor to attend Train-the-trainers trainings on IPM

STATUS OF GRANTS AWARDED FROM I.I.F @ 31.12.2011

G-026	Dudije Bala	Strawberry growers	€ 3,051	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.3 ha.		Strawberry plants to be distributed to Growers upon arrival from UK as In-Kind contribution
G-027	Zeqir Jahiju		€ 5,085	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-028	Avni Shala		€ 6,102	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.6 ha.		
G-029	Hetem Balaj		€ 3,051	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.3 ha.		
G-030	Lumnije Bislimi		€ 5,085	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-031	Selim Balaj		€ 3,051	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.3 ha.		
G-032	Me Agro		€ 10,170	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	1 ha.		
G-033	Agrovizioni		€ 10,170	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	1 ha.		
G-034	KB Horticoop		€ 10,170	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	1 ha.		
G-035	Nesim Morina		€ 5,085	8-Dec-11	8-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-036	NPT Dhredheza	Nursery strawberry	€ 917	21-Dec-11	21-Dec-11	31-Oct-12	€ 0	0.5 ha.		Strawberry plants to be distributed to Nurseries upon arrival from UK as In-Kind contribution
G-037	Fidanishtja e Godancit		€ 917	21-Dec-11	21-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-038	BioLAB	Raspberry supervision	€ 26,525	14-Dec-11	15-Dec-11	31-Oct-12	€ 0	n/a		Supervisor to attend Train-the-trainers trainings on IPM

STATUS OF GRANTS AWARDED FROM I.I.F @ 31.12.2011

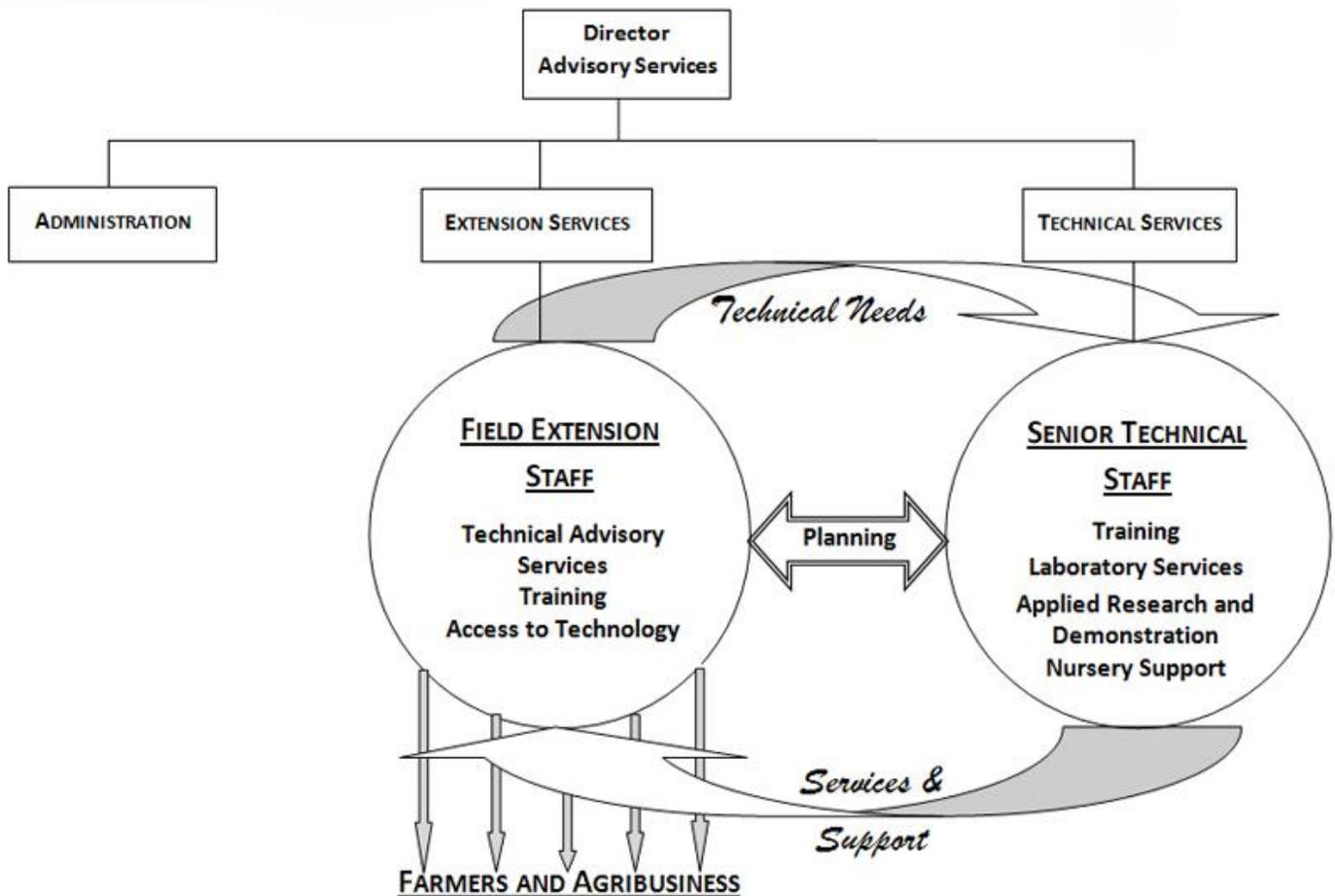
G-039	NPT Beni Com	Raspberry growers	€ 4,458	19-Dec-11	22-Dec-11	31-Oct-12	€ 0	0.5 ha.		Raspberry plants to be distributed to Nurseries upon arrival from UK and US as In-Kind contribution
G-040	Minifarma "AgroF&T"		€ 4,458	22-Dec-11	22-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-041	Assn Vilamet Miker		€ 17,830	22-Dec-11	22-Dec-11	31-Oct-12	€ 0	2 ha.		
G-042	NSH Success		€ 4,458	22-Dec-11	22-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-043	DPZ Ademi		€ 4,458	22-Dec-11	22-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-044	Bio Food		€ 4,458	22-Dec-11	22-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-045	KB Rugova		€ 4,458	22-Dec-11	22-Dec-11	31-Oct-12	€ 0	0.5 ha.		
G-046	NTP Juniku	Blueberry growers	€ 26,680	23-Dec-11	27-Dec-11	30-Nov-12	€ 0	2 ha.		Blueberry plants to be distributed to Growers and Nursery upon arrival from US as In-Kind contribution
G-047	MOEA LLC		€ 26,680	23-Dec-11	27-Dec-11	30-Nov-12	€ 0	2 ha.		
G-048	Nikola's		€ 6,670	23-Dec-11	27-Dec-11	30-Nov-12	€ 0	0.5 ha.		
G-049	NPT Dhredhza	Blueberry nursery	€ 6,670	23-Dec-11	27-Dec-11	30-Nov-12	€ 0	0.5 ha.		
G-052	INIT Productions	Production of TV advertisement for promotion of agriculture in Kosovo	€ 10,000	2-Dec-11	2-Dec-11	19-Dec-11	€ 0	n/a	45 sec. commercial	

STATUS OF SUBCONTRACTS AWARDED FROM I.I.F @ 31.12.2011

IIF Tracking #	IIF Awardee	Purpose/Description	Total Amount €	USAID approval	Start Date	End Date	Amount Disbursed	Land Area - if applicable	Actual/Expected Achievements	Follow-up Activity, if any
FFP-001	Epi Centar	Value Chain Assessment	€ 29,150	22-Jun-11	20-Jun-11	22-Aug-11	€ 27,650	n/a	Report	Include recommendations in Market Assessment Report
FFP-003/1-1	Agro Serra	Asparagus Seedling Production	€ 9,500	8-Aug-11	15-Aug-11	31-May-12	€ 4,750	n/a	100,000 asparagus plants for planting in spring 2012	Distribute 100,000 plants to farmers expressing interest [and with right soil conditions] for long-term planting
FFP-003/1-2	Fidanishtja Godanci	Asparagus Seedling Production	€ 9,500	8-Aug-11	15-Aug-11	31-May-12	€ 4,750	n/a		
FFP-003/1-3	Las Pallmas	Asparagus Seedling Production	€ 9,500	8-Aug-11	15-Aug-11	31-May-12	€ 4,750	n/a		
FFP-004	RDC	Lettuce Variety Diversification	€ 13,720	15-Jul-11	1-Jul-11	30-Sep-11	€ 13,720	2 ha. 8 farmers	100,000 eq. heads E24,000	
FFP-004 AMM no.1	RDC	Lettuce Variety Diversification	€ 0	N/A	1-Jul-11	31-Oct-11	€ 0	n/a		Extended subcontract for 2012
FFP-004 AMM no.2	RDC	Lettuce Variety Diversification	€ 27,230	4-Nov-11	4-Nov-11	31-Oct-12	€ 0	4 ha. 12 farmers	400,000 eq. heads E100,000	
FFP-005	RDC	Demonstration of New Gherkin Varieties	€ 26,607	15-Jul-11	1-Jul-11	30-Sep-11	€ 26,607	3.5 ha. 7 farmers	120 tons E48,000	
FFP-005 Amm no.1	RDC	Demonstration of New Gherkin Varieties	€ 0		1-Jul-11	31-Oct-11	€ 0	n/a		Extended subcontract for 2012
FFP-005 Amm no.2	RDC	Demonstration of New Gherkin Varieties	€ 60,881	2-Nov-11	31-Oct-11	31-Oct-12	€ 0	12 ha. 23 farmers	400 tons E160,000	
FFP-006	Patria Group	Design Brief for Collection, Packing and Refrigerated Storage Center	€ 14,950	12-Sep-11	1-Sep-11	30-Sep-11	€ 14,950		3 designs	
FFP-006 Amm.1	Patria Group	Design Brief for Collection, Packing and Refrigerated Storage Center	€ 6,990		30-Sep-11	23-Dec-11	€ 6,950		Revisions + 1 new	Extended to allow for MAFRD review/revisions
FFP-007	RTK	Provide input to "Bujku" TV program every two weeks - 16 episodes	€ 31,935	31-Dec-11	1-Jan-12	31-Dec-12	€ 0		16 No. 20 min. slots	Purchase of new camera to improve presentations

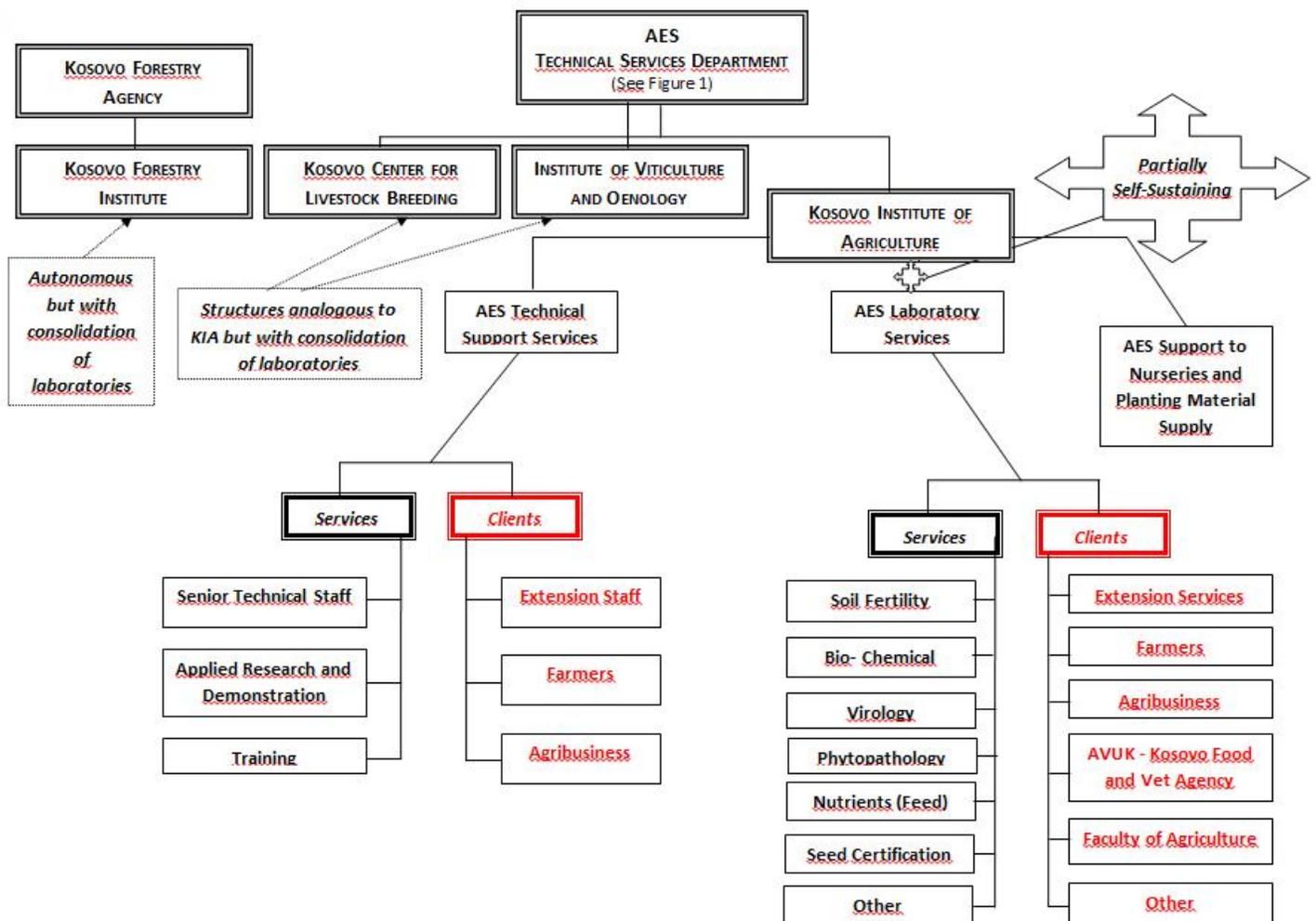
ANNEX 2

ORGANIZATION OF THE AGRICULTURAL EXTENSION SERVICE



ANNEX 3

PROPOSED STRUCTURE OF MAFRD INSTITUTES



ANNEX 4

INDICATOR RESULTS TO BE REPORTED QUARTERLY

Indicators in the Program Indicator Matrix of the Performance Monitoring Plan which are to be reported Quarterly are shown in the following table.

IR Ref.	Indicator	Unit	FY1 Results Achieved	Achieved in FY2Q1	FY2 Target	% of FY2 Targets Achieved
IR1.1	Number of delivery contracts issued for targeted crops	No.	13	1	100	1%
IR1.2	Value of sales resulting from linkages created between farmer, processors and traders as result of USG assistance	\$	\$138,594	\$82,580	\$1.6 million	5.1%
IR1.3	Number of farmers engaged in target value chains as a result of USG assistance	No.	331	389	600	65%
IR1.4	Number of participants in study tours, B2B, market investigation and trade shows	No.	34	15	60	25%
IR2.2	Value of Sales /purchases from smallholders for products as a result of USG assistance (FACTS)	No.	\$522,304	\$141,246	\$2.5 million	9.4%
IR2.3	Number of new technologies and/or management practices introduced as result of USG assistance	No.	6	4	6	67%
IR2.4	Number of individuals trained in agriculture productivity through USG assistance (FACTS)	No.	306	207	1500	14%
IR2.6	Number of firms receiving USG assistance to invest in improved technologies (FACTS)	No.	11	22	5	440%
IR2.9	Number of farmers receiving new varieties (including new crops) as result of USG assistance	No.	21	33	40	83%
IR3.4	Number of local food inspectors trained	No.	.	-	20	0%
IR4.1	Value of lending of program customers for targeted crops and products as result of USG assistance	No.	.	-	\$500k	0%
IR4.3	No of SMEs receiving USG (NOA project) assistance to access bank loans or private equity (FACTS)	No.	41	-	15	0%
IR4.4	Number of producers in target value chains receiving assistance to access credit	No.	46	-	100	0%
IR4.5	Value of grants issued for value chain operators of target crops and products, as result of USG assistance	\$	\$387,840	\$828,145	\$1 million	75%
IR4.6	Number of program customer receiving grants as result of USG assistance (including IIF)	No.	28	40	100	38%
IR5.3	Number of donor, GOK and agriculture sector roundtables or other events facilitated by NOA	No.	11	12	1	0