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Albanian Agriculture Competitiveness Program (AAC) Five Year Work Plan July 13, 2007 – July 12, 2012

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Albanian Agriculture Competitiveness Program (AAC)

Five Year Work Plan:

July 13, 2007 – July 12, 2012

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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Acronyms

AAC	Albanian Agriculture Competitiveness Program
AVC	Agribusiness Value Chains
BDS	Business Development Suppliers
BSP	Business Service Providers
CTO	Cognizant Technical Officer
ESP	USAID Environmental Services Program
FFV	Fresh Fruits and Vegetables
GAP	Good Agricultural Practices
GOA	Government of Albania
HACCP	Hazard Analysis Critical Control Point
HA	Hectare
IFOAM	International Federation of Organic Agriculture Movements
IFC	International Finance Corporation
ISO	International Standards Organization
MOA	Ministry of Agriculture
M&E	Monitoring and Evaluation
MSME	Micro, Small, and Medium Enterprises
MSU	Michigan State University
NGO	Non Governmental Organization
SOP	Standard Operating Procedure
SPS	Sanitary and Phyto-Sanitary Standards
STTA	Short-term Technical Assistance
USAID	United States Agency for International Development

INTRODUCTION	- 7 -
Project Organizational Structure	- 8 -
<i>Team Structure and Key Personnel</i>	- 8 -
Project Organizational Structure	- 10 -
Project Organizational Structure	- 11 -
<i>Team Structure and Key Personnel</i>	- 11 -
ADMINISTRATIVE START-UP ACTIVITIES	- 14 -
<i>Hiring Of Personnel</i>	- 14 -
<i>Selection of Project Office Site</i>	- 14 -
<i>Banking and Related Matters</i>	- 14 -
<i>Introduction to USAID Albania</i>	- 14 -
Technical Approach	- 16 -
<i>Component 1: Strengthen Producer Capacity for Competitive Commercial Farming</i>	- 17 -
Consolidating Production	- 17 -
Improving Production Practices	- 18 -
Strengthening farmers' access to finance	- 20 -
<i>Component 2: Strengthen Capability for Market Development</i>	- 21 -
Linking producers to buyers	- 21 -
Facilitating access to new markets	- 22 -
Increasing the Supply of High-Quality Product	- 24 -
<i>Component 3: Increase Access to and Use of Timely and Reliable Market Information</i>	- 25 -
System to collect accurate, timely, credible, and digestible data	- 25 -
System to ensure that information on market information get to the value chain	- 25 -
System to Ensure Sustainability	- 26 -
COMODITIY SELECTION	- 28 -
<i>Sub Sector Selection</i>	- 28 -
<i>Commodity Value Chain: High Value Vegetables</i>	- 29 -
<i>Commodity Value Chain: High Value Melons</i>	- 31 -
<i>Commodity Value Chain: High Value Tree Fruit</i>	- 33 -
<i>Commodity Value Chain: Olives</i>	- 34 -
Five Year Work Plan	1
Year I Activities for Five Year Work Plan	38
<i>Component 1: Strengthen Producer Capacity for Competitive Commercial Farming</i>	38
Task 1: Consolidation of Production	38
1.1 Identify existing and potential nascent producer groups or existing cooperatives with potential to become functional for-profit cooperatives.	38
1.2 Build capacity of cooperatives to initially provide at least one key service to their members with a direct financial impact.	38

1.3 Build the organizational and management capacity of cooperatives to ensure sustainability of the organization.	38
1.4 Scale up outreach to new potential producer groups through informational outreach to producers using successful cooperatives as models and through existing networks.	39
1.5 Review potential impact of land fragmentation and women’s land tenure rights on AAC activities.	39
Task 2: Improving Production Practices	39
2.1 Develop commodity specific technical training packages to address key production constraints identified during the commodity competitiveness selection assessment.	39
2.1(a) Smallholder Olives Farmer Training	40
2.2 Identify and build the capacity of existing public and private sector extension staff to provide technical advice to farmers	41
2.3 Explore opportunities for collaboration with MoAFCP Technology Transfer Centers for applied research.	41
2.4 Provide cost-share grants to lead farmers to demonstrate new technologies and machinery that address a specific constraint in production in one of the AAC commodities.	41
2.5 Identify lead farmers and input suppliers to conduct farmer field trials to demonstrate the cost benefit of adopting new technologies and methodologies.	42
2.6 Encourage buyers and input suppliers to invest in private sector extension	42
Task 3: Strengthening Farmers Access to Finance	42
3.1 Assist PSHM and other microfinance firms to increase their outreach to the agricultural sector by linking them with producer cooperatives, individual producers and processors.	42
3.2 Provide AAC partners with information on the DCA and introduce partners to Raiffeisen Bank. Link partners with BDS providers for business plan development and bank loan application	43
3.3 Encourage provision of embedded value chain finance by buyers to producers for working capital for production, and investment in productive machinery, technology, and post-harvest infrastructure.	43
<i>Component 2 Strengthen Capability for Market Development</i>	44
Task 3: Increasing the Supply of High-Quality Product	44
3.1 Identify methods of extending the growing season for selected commodities as part of the specific technical training packages.	44
3.2 Improving harvesting techniques of producer cooperatives and mitigate post-harvest losses by improving washing, sorting, basic storage, and packaging.	44
3.3 Facilitate access to existing storage	44
3.4 Facilitate access to finance for facilities to improve post-harvest quality.	45
<i>Component 3: Increase Access to and Use of Timely and Reliable Market Information</i>	46
Task 1: Access to Market Information	46
1.1 Identify the information needs of target groups through the regional agricultural roundtables and interviews with key stakeholders as a basis for designing the MIS	46
1.2 Establish a system to collect wholesale market prices for the main AAC commodities and agricultural inputs in major wholesale centers across Albania	46
Grants to Support Value Chain Activities	47
<i>Grants Program</i>	47
Tasks and Responsibilities	47
Anticipated Annuals Impacts	Error! Bookmark not defined.
Grantee Evaluation Criteria	Error! Bookmark not defined.
MONITORING AND EVALUATION PLAN	47

INTRODUCTION

The Albanian agricultural sector has great potential for rapid growth but producers need assistance if they are to meet the end markets' requirements in terms of volume, quality, and characteristics. To realize this potential in both the domestic and export markets AAC will strengthen capacity at the farm level while at the same time linking producers into efficient, market-driven value chains. The AAC program aims to stimulate growth in Albania's agricultural sector, which will contribute to achieving sustained, broad-based economic growth and poverty reduction in targeted rural areas. This will be achieved by providing technical assistance and training to producers and other value chain actors to improve productivity and competitiveness.

AAC objectives are divided into three component areas (1) building producer capacity to increase farm-level productivity, cost competitiveness, and post-harvest management; (2) strengthening market development capacity in order tie production to viable market opportunities, and (3) improving access to accurate timely marketing information.

Albanian agriculture is adapting to progressive supply chain models with new agricultural products and methods of doing business. Yet Albanian agribusiness must become more dynamic to keep pace with the rapid transformation of agribusiness globally. At issue is not merely the ability of Albanian products to compete in export markets, but the ability of Albanian farmers and agribusinesses to hold their own against foreign competition in the domestic market. The United States Agency for International Development – Albania (USAID)'s Albanian Agriculture Competitiveness Program (AAC) has the potential to demonstrate how Albanian farmers and agribusiness can evolve to meet these global, regional, and domestic challenges and increase the sector's contribution to employment, income levels, revenues, and investments.

The DAI technical approach focuses on improving productivity and quality. These are the keys to upgrading agribusiness value chains in Albania. High productivity and quality are essential in each link of the value chain, beginning with production: without high-quality primary food products at the start, no amount of downstream effort and expense will create a high-quality end product. To stimulate productivity throughout a value chain, AAC will seek out “demanding customers”—forward-looking retailers, suppliers, and other intermediaries willing to pay a premium price for quality. But it is critical that buyer price signals are transmitted to every firm and farm in the value chain as an incentive to upgrade production and improve quality. AAC will intervene to ensure that enterprises have the inputs, financing, technical know-how, information, and incentives they need to respond to market demand. AAC will customize assistance in each value chain in response to varied demand and other chain considerations.

The AAC program's success and sustainability ultimately depend on linking productive farmers into efficient, market-driven value chains. Our strategy is to improve the efficiency of these value chains, maintaining a focus on producers and ensuring strong linkages both up- and downstream, thereby broadening the program's impact. To encourage adoption of new technology to improve production, we have included a \$500,000 cost-share small grants program aimed at reducing the risks that field trials of new technology pose to early-adopting lead farmers. The resulting increased production will be linked to viable domestic and export markets. To build on USAID's investment in Albanian agriculture through EDEM and to maximize early results, we have selected four competitive commodities—fresh vegetables,

melons, tree fruit and olives. With the approval of USAID's Cognizant Technical Officer, we have immediately begun working in these commodities.

Our technical approach emphasizes that AAC's four value chains are models for other agribusinesses of how productivity and quality can be improved. Public outreach, awareness, and education programs will be the tools used to leverage AAC's success stories through university curricula, national and regional conferences, alliances of agribusiness enterprises, training, and media campaigns.

Project Organizational Structure

The organizational structure of AAC includes a central headquarters office in Tirana and a set of regional offices (RO). The RO were opened during the first month of the project. The central office is the base for the Chief of Party, Production Specialist, one Regional Technical Agronomist and the Grants Manager. The Tirana office is also the base for technical personnel to perform broadly applicable technical functions relating to 1) value chain productivity (such as trade promotion and logistics) or 2) crosscutting and macro issues (such as association development). These personnel will be organized into teams on a functional basis to perform general tasks. They will also form functional teams to support interventions into specific value chains.

Technical personnel below the senior management level will be in the field a substantial portion of their time either working from the regional offices with the framers and marketers. The regional offices will deliver technical assistance and on-the-farm training and will provide bases for public awareness and education campaigns. The regional offices are located in Korca and Lushnje. Each regional office may address more than one value chain. The regional office is staffed by Regional Market Linkages Specialist and Agricultural Outreach Specialists. In consultation with central office personnel, they will determine when and where support is needed from a functional team comprising central office technical personnel, Albanian and/or expatriate short-term technical advisors. Teams may be supplemented by a local Business Service Provider (BSP), a public or private company or organization that provides technical assistance, training, or other services to clients for a fee. The Regional Market Linkages Specialist is responsible for assembling functional teams and (with the Chief of Party's approval) engaging short-term technical advisors to join the team. The work of any short term technical assistance (STTA) will be monitored during his or her assignment to correlate outcomes with expected results matched against baselines that will be determined or developed during the process of interventions planning and implementation. These baselines will measure the actual economic and social situation of the targeted beneficiary of an AAC assistance program, and used to measure the impact of the project activities in accordance with the project results indicators.

Team Structure and Key Personnel

DAI team structure is designed to maximize both early and ongoing results through two field-based regional offices in the key agricultural production areas of Lushnje and Korça. Each regional office is headed by a regional market linkages specialist and will also agriculture outreach specialists focused exclusively on strengthening producer capacity for competitive commercial farming in the commodities selected. In Tirana, we have achieved quick programmatic integration with the EDEM project through office co-location.

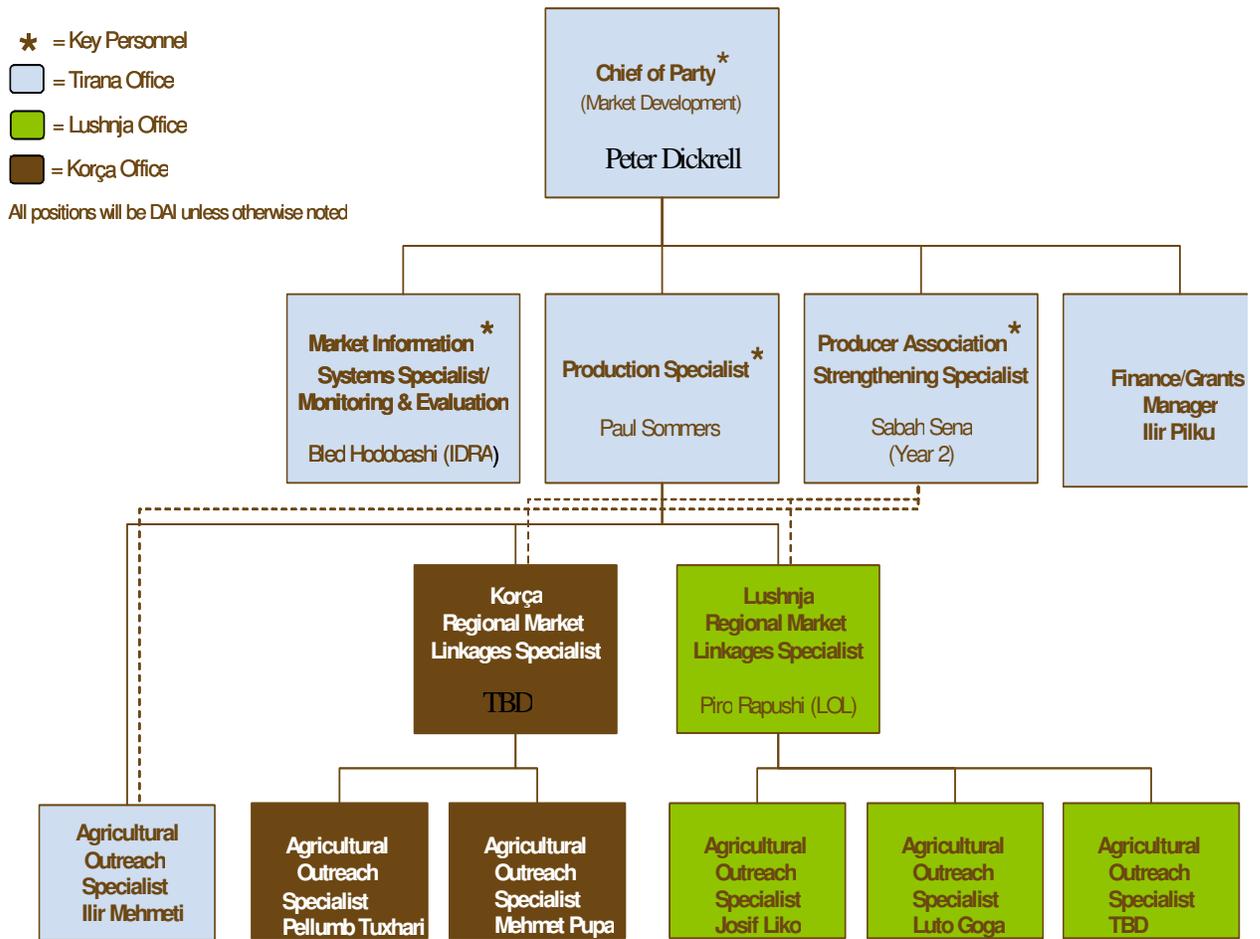
DAI has four key personnel positions.

- Chief of Party: Peter Dickrell. In addition to overall management of AAC, the Chief of Party will lead activities in the market development component.
- Production Specialist: Paul Sommers. During Years 1–3 of the project, Mr. Sommers will take the lead in managing the AAC component to improve producers' capacity for competitive commercial farming.
- Producer Association Strengthening Specialist: Sabah Sena. Working closely with AAC during its first year, Mr. Sena will join AAC at the end of the EDEM project. At the end of AAC's third year, he will assume leadership of the producer capacity-development component upon Mr. Sommers' departure.
- MIS/M&E Specialist: Bled Hodobashi. Through our local subcontractor, IDRA, Mr. Hodobashi will lead the MIS component.

The long-term AAC team is comprised of 11 professionals from DAI, along with two local professionals provided by subcontractors. Building on EDEM's successful team structure, the Regional Market Linkages Specialist in Lushnja is being provided by Land O'Lakes. The MIS/M&E Specialist is being provided by local subcontractor IDRA. Land O'Lakes will also field short-term MIS Specialist to guide IDRA in designing and implementing the MIS. The two long-term subcontractor staff members have been fully integrated into the organizational structure, with clear internal lines of authority. The AAC Chief of Party has the ultimate oversight over all program personnel.

In addition to the core long-term team, four other RAISE Plus organizations from the DAI IQC team are providing specialists for discrete short-term assignments:

- Michigan State University (MSU), world renowned for its work in agriculture and agribusiness, will provide short-term experts in horticulture and market development.
- A leading practitioner in rapid participatory appraisal, the Training Resources Group, Inc. (TRG), Steve Joyce, has assisted in commodity assessment and the design and delivery of outreach activities with farmers.
- The On The Frontier (OTF) Group, which has first-rate experience in competitiveness analysis, is assisting in commodity assessment.
- Highly regarded for its cutting-edge work in land rights, the Rural Development Institute (RDI), in the person of land use specialist Rob Mitchell, will recommend concrete steps enabling AAC to move forward given the existing land tenure situation, including gender issues and access to credit.



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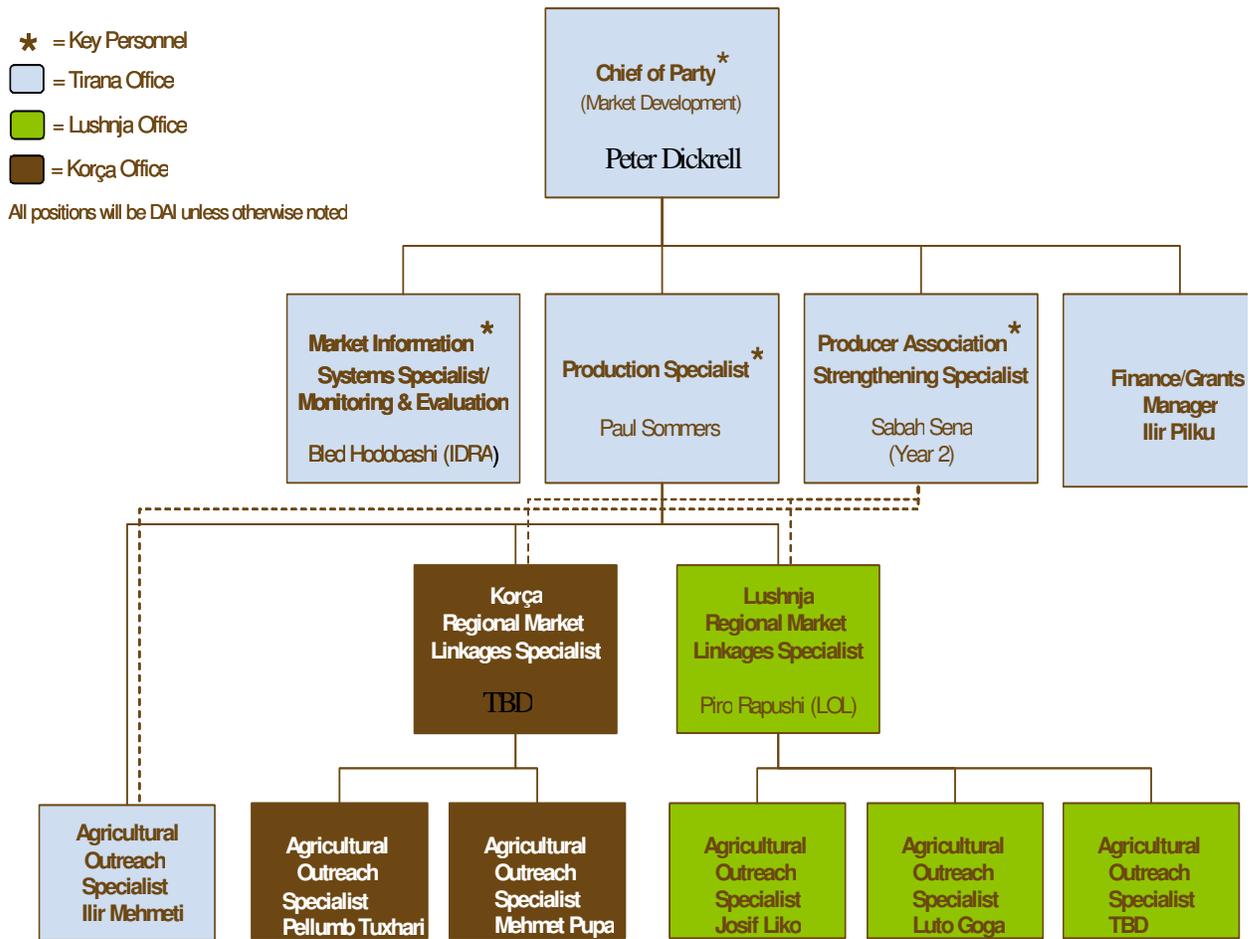
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ADMINISTRATIVE START-UP ACTIVITIES

Hiring Of Personnel

The AAC start-up team began to arrive in country the middle of July, 2007. Ms. Bronwyn Irvin was the first to arrive. Mr. Peter Dickrell arrived on August 2 and Ms. Suzanne Carroll arrived on August 4. The start-up team established temporary office facilities in the DAI EDEM while they were investigating possible AAC project office space. This collaboration with another DAI project was of considerable importance in enabling AAC to begin a rapid start-up.

Mr. Piro Rapushi was hired on August 2, 2007 to serve as the Lushnje Regional Agriculture Value Chain Advisor. Liar Mimetic was hired September 1, 2007 as an Agricultural Outreach Specialist and will be based at the Tirana AAC regional office. The Regional Agricultural Chain Value Advisor in Korca has not been hired yet but the candidate for the position has been identified and the position will be filled in the next two weeks. The project hired Mr. Bled Hodobashi as the Monitoring and Evaluation specialist. The project hired the Grants Management Specialist, Liar Pilku, and 4 Agricultural Outreach Specialists, and is currently reviewing applications and planning interviews for other selected candidates. Mr. Dickrell interviewed candidates for the Project Assistant, Administrative Assistant, and Accounting Specialist positions and has identified personal for all the positions. They will all be on the staff in the next 2 weeks.

Selection of Project Office Site

After comparing different options for office space, the team selected office space in the building where Day's EDEM project is located. Mr. Dickrell signed the lease and the office move in was completed by September 1, 2007. A very successful project launching ceremony was held October 5, 2007 in Korca attended by over 60 dignitaries from the private and public sector, with a special address by Mr. Douglas Monarchic, the regional director from USAID Washington.

Banking and Related Matters

The AAC team opened two bank accounts at the Albanian/American, using the master account of the EDEM DAI project in Albania. AAC now has one bank account for US dollars and another bank account for Albanian Lek. The DAI home office began wiring money into the new bank accounts. Ms. Susanne Carroll worked on numerous other administrative start-up tasks including procuring computer equipment (in accordance with federal regulations regarding source and origin) and project cell phones locally, and assembling the AAC Personnel Policies Manual and Operations Manual.

Introduction to USAID Albania

The start-up team had a meeting at USAID with the project Mission Director, Cognizant Technical Officer (CTO) and Director of Economic Growth. During the meeting the team discussed potential candidates for the value chain assessments and the need for

travel approval for STTA consultants. They received comments and suggestions from the CTO on project start-up activities, including contact with Albanian government agencies and officials. The Mission Director and CTO formally introduced the Chief of Party of the project to the Minister of Agriculture introduce the project and talk about opportunities to work together.

Technical Approach

AAC identified value chain opportunities and constraints during the first month of the project. The assessments identified crops that showed commercial potential at the farm enterprise and agribusiness level. Value chain assessments and round table seminars were conducted to understand the current supplier/buyer relationships including input suppliers, producers, collectors, processors, distributors, retailers, service providers, and public sector institutions. AAC's value chain approach looks at key elements that govern the relationship between supplier and buyer. The first step in the process is to understand the context in which suppliers and buyers are operating. This provides the basis to evaluate their needs and capacity to respond to market demands. The Value Chain Assessments (VCA), were carried out and provided the context for the four crop sectors, selected in partnership with USAID. Value chain-specific action plans were formulated that identified opportunities to increase productivity and quality throughout the value chain. The implementation of the action plans will use outreach activities including direct technical assistance and group training delivered by the AAC team. Although the organizing basis for value chain assistance is the relationship between farmers and buyers, the implementation actions taken to improve productivity will involve the whole range of value chain participants, from input suppliers to buyers, financial institutions, as well as institutional and policy and regulatory issues related to productivity enhancement.

DAI's technical strategy for the AAC program is to **strengthen capacity at the farm level** while linking producers into efficient, market-driven value chains. Increasing farm-level productivity, cost competitiveness, and post-harvest management are the keys to the success of a vibrant Albanian agricultural sector—if tied to viable market opportunities. DAI's experience implementing the Albania Enterprise Development and Export Market Services (EDEM) project has made it abundantly clear that current norms—low-volume, low-quality, high-cost production; lack of response to market demands; and poor post-harvest management—are central constraints to the growth of the Albanian agricultural sector. Through EDEM, DAI has worked to strengthen value chains from processors and consolidators to markets. The AAC program is working hand in hand with EDEM to build on their efforts by focusing upstream—working with producers and linking them to functional value chains—thus improving the competitiveness of the agricultural sector over the five years of program implementation.

The objective of the AAC program is to build local capacity so that Albanians can continue to strengthen the sector's competitiveness post-AAC. Wherever possible, we will carry out our activities through local private and public sector partners engaged to find and resolve obstacles to competitiveness. Our model focuses on ensuring that the right financial incentives are in place for consolidating production; increasing its volume and quality; enabling processors and other buyers to offer embedded technical and financial services; and building more structured market linkages for formal sector marketing.

Component 1: Strengthen Producer Capacity for Competitive Commercial Farming

The first component of the AAC program will focus on improving the capacity of producers to meet market demand through three activities described in detail below: consolidating production; upgrading production practices through extension, new technology, mechanization, and inputs; and strengthening farmers' access to finance. Described in the subsections below, all these activities will directly lead to increased incomes for farmers.

Consolidating Production

Land fragmentation and small farm size is perhaps the single most important obstacle to improving farm-level productivity and marketing in Albania. The average farm size is 1.1 hectare, but this is divided, on average, into four disconnected parcels. To address this situation, DAI will take a twofold approach: we will encourage a long-term solution by working with the Government of Albania to explore the right incentives to support land consolidation through rental and sale of property, with special attention to gender equity; and we will directly facilitate the collaboration of producers, building the capacity of producer groups and encouraging the formalization of these groups into for-profit business entities. Our approach to cooperative development is to ensure that the right financial incentives are in place to encourage producers to collaborate, that those incentives are derived from active membership in the cooperative, and that the incentives are gender fair. Therefore, AAC will encourage producers to evolve from informal groups or producers' associations to registered for-profit cooperatives, ensuring that groups progress at their own pace as the program strengthens their understanding and capacity to provide services to their members. Our goal is for AAC to leave behind model cooperatives that are fully functional as businesses at the production level. The text box on the next page describes one existing Albanian producers' association and how AAC might assist its members.

We recognize that different producer groups will be at different levels of development: some may begin immediately with activities planned for Years 2–3, while others may not start initial development activities until Year 3. We expect that for most nascent producer groups we will implement the following activities:

Year 1 Activities:

- Identify existing and potential producer groups or existing cooperatives with the potential to become functional for-profit cooperatives. These groups will be identified from a variety of sources, including existing EDEM partners and other producer associations or cooperatives; existing groups of producers that are organically starting to collaborate on purchasing inputs or collective marketing, usually led by a dynamic individual; water users' associations; groups currently being formed by other donor programs, such as FAO or the Dutch or Spanish program; and the currently disconnected group of producers that are supplying individual processors, including existing EDEM partners.
- Build these cooperatives' capacity to initially provide at least one key service to their members with a direct financial impact. Potential services include collective purchase of inputs for cost savings, collective marketing to access new markets or receive higher prices, market information, facilitating access to finance, access to machinery through

collective purchase or lease, access to new technology, and leveraging their collective size to receive technical extension services. The financial benefits of the services should provide an ongoing incentive for collaboration and should help to form group cohesion.

- Build cooperatives' organizational and management capacity to ensure their sustainability. Each group will be assessed, and targeted capacity building will be provided where required on a cost-share basis by the Association and Business Management Center (ABMC) and the pool of Albanian Bops trained under EDEM by DAI and by the Small Business Credit and Assistance Program project, with additional technical support as needed from AAC.
- Scale up outreach to new potential producer groups through informational outreach to producers, using successful cooperatives as models, and through existing networks such as the National Farmers Union, the Technology Transfer Centers, the AAC's buyer's network, and the MoAFCP extension network.
- Robert Mitchell, of the Rural Development Institute, will review the potential impact of land fragmentation and women's land tenure rights on AAC activities; he will then give AAC concrete recommendations on mitigating these issues' impact on program activities and, where possible, on the agricultural sector as a whole.

Year 2–3 Activities:

- Further develop the capacity of cooperatives to offer additional services to their members, as mentioned above. This should build a sustainable demand for cooperative participation by their members.

Year 4–5 Activities:

- Build producer cooperatives' capacity to collect and manage dues from their members and to develop other revenue sources, such as machinery leasing to nonmembers, to ensure the sustainability of existing services and potentially develop new services to be provided by the cooperative. Encourage collaboration with ABMC, which is already providing these services to its member associations.
- Cooperatives will graduate from AAC cooperative development support once they have sufficient management capacity and are providing services to their members.

Improving Production Practices

Improving the productivity, cost-efficiency, and quality of production is central to AAC, and much will be achieved by building the farmers' technical capacity, facilitating adoption of new environmentally sound technologies and methodologies, mechanizing production, and improving access to inputs.

Building the productive capacity of farmers. To ensure sustainability, the DAI team approach to this task will be to focus on developing existing public and private sector extension systems. We will work through the five newly formed Technology Transfer Centers, which focus on farmer-driven applied research. Private sector extension already exists in Albania. The AAC Agricultural Outreach Specialists, supported by senior AAC specialists and short-term technical assistance, will work side by side with private and public sector extension staff to develop crop-specific technical training packages and build the capacity of farmers and, simultaneously, that of local extension.

New Environmentally Sound Technologies and Methodologies. Improving access to new technology entails not only making technology available, but also demonstrating its benefits directly to farmers. The AAC short- and long-term advisors will provide expertise on new environmentally sound technologies and methodologies that could be introduced to improve farm-level productivity and cost efficiency in the selected commodities. We will use farmer field trials to offer practical demonstrations of new technologies, including ways of mitigating negative effects on the environment, if applicable. Where needed, we will provide cost-share grants to reduce the risk of these field trials to early-adopting lead farmers. These farmers will receive cost-share grants only for technologies new to their area and only if they agree to then serve at AAC Technology Transfer Centers for field days and to receive visits from other producers. In addition, the AAC Agricultural Outreach Specialists will carefully monitor the impact of the technology so they can disseminate information on relative costs and benefits to other producers.

Through AAC's regional agricultural roundtables and other stakeholder interactions, the program will identify progressive, entrepreneurial farmers who are recognized as leaders for these activities. The new technologies will be targeted to fill existing gaps, but AAC will be careful not to promote technology that relies on electricity, given the problems with utility services. Examples include promoting drip irrigation and fertigation for vegetable production.

Mechanization. The scarcity of mechanized agriculture in Albania is in large part due to the fragmented landholdings. Formation of producer cooperatives will allow greater mechanization and will increase production efficiency and cost-effectiveness. Mechanization will also address some of the key post-harvest management issues—cleaning, grading, and packaging. Currently there are very few mechanized grading lines for vegetables in Albania. DAI will facilitate access to finance or leasing for producer cooperatives to obtain appropriate machinery. Cost-share grants can be used to demonstrate new machinery, which will then be used in demonstrations to other producers.

Inputs. The current situation for chemical inputs is different from that seed and planting material in Albania. Producers are not using chemical inputs efficiently because they lack information on the correct application and because they opt for the least expensive fertilizers, which often also have the lowest quality. There is no testing of inputs to determine their concentration and composition, so there are many problems with quality, particularly with imports from Eastern European countries. Effects on the environment are of growing concern. The situation for planting materials is somewhat better: while there has been a shortage in quality seed and seedling supply, availability is improving. There are two large suppliers of seed and seedlings as well as several smaller suppliers, most of which provide imported seeds. The challenge is encouraging farmers to pay for and adopt new varieties demanded by the market. This will be addressed through farmer field demonstrations to show the income benefits of responding to market demand by planting new varieties, such as seedless watermelons.

Year 1 Activities:

- With input from public and private sector extension and outside technical assistance where needed, develop commodity-specific technical training packages to address key production constraints identified in the commodity competitiveness assessment. The packages will be disseminated to farmers via public and private Albanian extension services. This effort will continue for the life of the program as needed.
- Identify and build the capacity of existing public and private sector extension staff to provide technical advice to farmers, using a learning-by-doing approach. The AAC

Agricultural Outreach Specialists will work directly with extension staff to disseminate the information to farmers.

- Explore opportunities for collaboration with MoAFCP Technology Transfer Centers for applied research, such as identifying solutions to the olive fly pest problem, as well as for farmer field demonstrations and disseminating technology packages.
- Provide cost-share grants (maximum 50 percent) to lead farmers to demonstrate new technologies and machinery that address a specific constraint in production of one of the AAC commodities. A total of \$500,000 dollars will be available for such grants throughout the AAC program.
- Identify lead farmers and input suppliers to conduct farmer field trials to demonstrate the cost-benefit of adopting new technologies and methods, including efficiently using high-quality chemical inputs, improved varieties, and new greenhouse technology. Results will be broadly disseminated via farmer field days and AAC's private sector extension system. Activities will continue for the life of the program.

Year 2–5 Activities:

- Using firms that are successfully providing private sector extension such as ALRI, Bruka Seedling, and Agrikoni encourage buyers and input suppliers to invest in private sector extension, potentially using contractual relationships to reduce the risk of this investment.
- Develop an agricultural machinery leasing program with Raiffeisen Leasing or Tirana Leasing, addressing obstacles to implementing the program as they are identified.
- Encourage consolidators and buyers to provide inputs to farmers as embedded services to improve quality in their supply chain and also as an incentive to respect contractual obligations.
- Graduate firms that are successfully providing private sector extension and producer groups that have strong production practices.

Strengthening farmers' access to finance

The DAI AAC team will assist producers, consolidators, and processors in accessing finance where it is needed to fill a gap in the value chain. We will facilitate access to finance by linking applicants with financial institutions and business development services to assist with preparing business plans and loan applications. We will leverage AAC technical assistance to buy down the risk of lending and encourage the expansion of early value chain finance activities, such as that of Sejega, which provides their suppliers with a loan at the beginning of the season so they can purchase inputs with guidance on which varieties to select. DAI will also draw on our significant experience working with Development Credit Authority (DCA) programs to facilitate innovative access to DCA-guaranteed loans. Raiffeisen Bank, USAID's DCA partner in Albania, signed a seven-year agreement in September 2006 for \$5 million in loan guarantee funds targeted to small and medium-sized enterprises, including those in the agricultural sector. DAI also recognizes the potential of harnessing remittances for private investment in the agricultural sector, as discussed in the section below on cross-cutting activities. Potential finance sources include:

- The Partneri Shqiptar ne Mikro kredi (PSHM), an Albanian micro credit organization, has 16 offices throughout Albania and offers loans of up to \$136,524. They currently have 11,000 customers, with an average loan size of \$3,000. Over the next three years, PSHM

plans to increase its loan portfolio from \$27 million to \$136 million and double its agriculture portfolio to 40 percent. They see AAC as a potential partner to help facilitate working-capital loans for agricultural production and machinery.

- Mountain Area Finance Fund is a microfinance institution funded by IFAD that provides \$40 million in micro loans to 5,000 households.
- BESA Fund is supported by the Soros Foundation and the Government of Albania; it provides microfinance loans and technical support, primarily in urban and semi-urban areas.
- Members of AFADA, the association of input dealers which also includes farmers, have access to a member credit union. AFADA mostly makes loans directly to dealers and has 30 outstanding loans with an average loan size of \$10,000 and a total lending pool of \$300,000.

Activities Year 1–5:

- Help PSHM and other microfinance firms increase their outreach to the agricultural sector, including women, by linking them with producer cooperatives, individual producers, and processors.
- Provide AAC partners with information on the DCA and introduce partners to Raiffeisen Bank. Link partners with BDS providers to help them develop business plans and apply for bank loans.
- Encourage buyers to offer producers embedded value-chain finance for working capital to be used for production and investment in productive machinery, technology, and post-harvest infrastructure.

Component 2: Strengthen Capability for Market Development

Linking producers to buyers

The AAC approach to market linkages will be to connect producers into efficient value chains with end markets in both domestic and export markets, as described in our technical approach. There is much unmet demand for agricultural commodities in the domestic market, as evidenced by the large trade imbalance in agricultural products. The volume of exports of agricultural products from Albania is still low, but there are current opportunities for niche-market products. Yet producers often do not take advantage of the market opportunities, waiting instead for the market to come to them at the side of the road because of lack of information on market opportunities and the high costs of transporting low volumes of produce from their individual farms. As a result, domestic processing and fresh markets cannot get a consistent, adequate supply of high-quality commodities, and members of the Albanian Vegetable Processors Association and the Horticulture Businessmen's Association (HABA) consistently have problems procuring fresh inputs, which at times delay their processing lines. In the wholesale market in Tirana, it is estimated that at peak times, 80 percent of fresh fruits and vegetables are imported. Traders from neighboring countries go directly to farmers in Albania to buy their produce, often undercutting the farmer on price. The lack of mutual trust between and among producers and consolidators further exacerbates market inefficiencies.

The AAC program will establish a buyers' network for the selected commodities in both domestic and export markets. Many of these buyers have indicated that consistent supply is one of their key constraints; this will be addressed by the Component 1 of the AAC program, previously described. The program will also facilitate better access to wholesale markets by leveraging the collective size of producer groups to allow them to transport their own produce to central markets. The production capacity and cooperative development activities will lower costs of production, thereby lowering prices, increasing volume, and improving quality in domestic wholesale markets. The wholesale markets in Lushnja, Shkodra, Korça, Vlora, and Tirana are currently functioning fairly efficiently and, like the Tirana market, have new modern facilities. Better marketing information, higher volume and quality of produce, and lower costs for domestic products from the consolidation of production and marketing will further help to make domestic products more competitive compared to imports in these wholesale markets.

Year 1 Activities:

- Quick-start activities working with suppliers of existing EDEM partners to address key constraints already identified and strengthen supply (for the buyer) and the market (for the producer). For example, the program will work with Sejega to strengthen its supply of fresh produce, potentially by helping to establish a joint venture with Engjell Qato, a large vegetable grower (15 hectares).

Year 2–3 Activities:

- In facilitating these marketing linkages, AAC will begin to offer advice and technical support to encourage more advanced buyers and their suppliers to adopt marketing contracts. Enforced contracts will decrease uncertainty for both producers and buyers and lower transaction costs. Buyers in a contractual relationship are more willing to offer embedded services, such as financing, inputs, and extension.

Year 4–5 Activities:

- Build ABMC's capacity to take over management of the AAC buyers' network and continue facilitating market and supplier access to its member cooperatives.
- Begin to graduate producer cooperatives from the AAC program once they have established strong links to markets.

Facilitating access to new markets

Over the life of the AAC program, we will continue to add to the AAC buyers' network and facilitate access to new buyers, new market niches and new export markets. New markets will be identified for both export and domestic trade, where many buyers are almost exclusively purchasing imports at present. In the export market, we will look beyond the EU and regional partners to explore marketing opportunities in North Africa, the Middle East, and Turkey to determine whether Albania might have a competitive advantage in those markets. EDEM will continue to identify new market opportunities during AAC's Year 1.

Certified products. Where it is demanded by niche export markets, AAC will encourage certifications, including EUREPGAP, ISO 22000, hazard analysis and critical control point (HACCP), and organic (see box at right). Certifications will be encouraged only where a specific benefit will be achieved. There have been instances where development projects have facilitated EUREPGAP certification, for example, but producers have not been linked

with an export market that pays a premium for this. Another example is organic certification of production when there is no certified organic marketing chain, including transportation, storage, and packaging. As a result, AgroKoni's certified organic produce is sold as conventional in the Tirana market. Likewise, Dajti Association received no price premium from selling their certified organic olive oil in the domestic market and decided not to renew the certification.

Tourism. This industry is still relatively small—expected to contribute 4.5 percent to Albania's GDP in 2007—but is growing rapidly, with the number of visitors doubling to over a million between 2004 and 2006. DAI's AAC team will ensure that local agricultural producers are linked with businesses serving the tourism industry, such as restaurants and hotels, and encourage direct sales of regional specialty products to tourists. These activities will build on EDEM activities, such as the Business to Business fairs to be held in Durres and Vlora in June 2007, which give Albanian olive oil and meat processing companies an opportunity to market their products to the tourism sector.

Supermarkets. The supermarket trend in Albania is still very young, and there are only a few smaller retailers and two major chains in the country—Euromax, an Albanian company, and Conad, an Italian chain specializing in high-end Italian products. Many regional supermarkets, including Ramstore from Greece, are looking to invest in Albania. It is expected that Albania will follow the regional trend, with rapid growth in supermarket sales over the next few years. AAC's role will be to ensure that local producers can meet the quality, volume, consistency, and price requirements of the supermarkets so that the stores can buy local horticultural products, rather than imports. Euromax provides a good example of expected trends: it has three supermarkets, but aims to open 10 more by the end of 2007. It now buys its produce daily on the wholesale market, but would prefer a contracted dedicated supplier. Much as in the Croatian case described in the text box at right, Euromax has agreed in principle to work with AAC to enable that linkage.

Year 1 Activities:

- During the rapid commodity assessment, explore market opportunities in North Africa, the Middle East, and Turkey to determine Albania's relative competitiveness in these markets.
- Facilitate a linkage between Euromax and suppliers who can meet their quality and price demands. Euromax is in the process of building a 20,000-square-meter distribution center in Tirana, including cold storage, which will serve as a main collection point.
- The EDEM tourism team will identify potential market opportunities for AAC follow-up to link producers and these new markets.
- Facilitate annual attendance at the Albanian Agribusiness Council (KASH) Agricultural Trade Fair in Tirana by more mature groups in selected commodities to identify potential new market opportunities.

Year 2–3 Activities:

- Where the market requires certifications, assist with cooperation between producer cooperatives, ALCEBO (a local certifying agency), international certification bodies, and local BDS providers, including the woman-owned Institute of Quality, to facilitate certification.

Year 4–5 Activities:

- Build the capacity of ABMC to identify new buyers and facilitate linkages with cooperative members, to serve as an additional service to their members.

- As the tourism market continues its rapid growth, boosting demand for agricultural produce, facilitate linkages between firms in this sector and local agricultural producers.
- As the size and sophistication of the supermarket industry grows, work with expanding domestic and international supermarket chains to develop preferred-supplier relationships with local producers for fresh fruit and vegetables and, potentially, other products. It is expected that these relationships will enable access to services such as finance, inputs, and extension. For example, to address a supplier financing problem, AAC could work with Raiffeisen bank, a supermarket, and the dedicated supplier to arrange a credit line secured by a supply contract from the supermarket and a DCA loan guarantee. If quality and harvest timing is a problem, AAC might work with Bruka Seedling in Divjaka to develop a model where Bruka grows the seedlings at its nursery, distributes them to member farmers with a strict schedule for raising and harvesting the vegetables, and then collects and packages the products.

Increasing the Supply of High-Quality Product

Raising the volume of product being marketed is essential to increasing the efficiency of the Albanian agricultural market. Activities to strengthen producer capacity, as described under Component 1, will expand production. Equally important to opening new markets: extending the production season and decreasing post-harvest losses in volume and quality. According to the KASH/HABA president, who also owns a fruit and vegetable processing plant, most production is currently seasonal, so processors must import for off-season processing. The Albanian climate, however, allows off-season production using greenhouse technology, which creates a market opportunity for both the domestic and export markets. According to Saphir, a Dutch buyer, from January to March the only supplier of fresh tomatoes to the Dutch market is the Canary Islands. Albania should certainly be able to compete on cost with this island nation, once the quality and volume issues are addressed. Through Component 1, the AAC program will work to extending the growing season through the introduction of various technologies, including new neutral day varieties, expanding plastic tunnel production, and better storage. New technologies to extend the season will be introduced using grants, as described in the technology section above.

Many of the quality issues affecting Albania's final agricultural products derive from harvesting methods and post-harvest handling. There is much room to improve quality and reduce spoilage, from harvesting, washing, grading, and packaging through storing and transportation. According to the post-harvest survey recently completed by IDRA for EDEM, needs in this area are extensive. There is a complete absence of any proper pre-cooling system. There is too little cold storage, and it is not adequately linked to farms. Controlled and modified atmosphere technologies are unknown. There is very little mechanized grading, and hand grading is rare. Improvements in these areas would have a major impact on the entire sector.

Year 1 Activities:

- Identify methods to extend the growing season for selected commodities as part of the technical training packages developed and disseminated in the extension activity.
- Improve harvesting techniques of producer cooperatives and mitigate post-harvest losses by improving washing, sorting, basic storage, and packaging.

- Facilitate access to existing storage, such as the new, nearly complete cold-storage facility constructed by AK Brothers Company in Divjaka. During proposal preparation, the owner asked for capacity-building assistance in managing his new storage unit.

Year 2–5 Activities:

- Facilitate access to finance for strong producer cooperatives with identified needs for facilities to improve post-harvest quality, including storage, grading, and packaging, with the goal of encouraging further consolidation of produce and increases in market efficiency.

Component 3: Increase Access to and Use of Timely and Reliable Market Information

System to collect accurate, timely, credible, and digestible data

Market information has the potential to revolutionize the Albanian agriculture sector by addressing one of the key causes of the fragmented and inefficient state of the Albanian marketing system: the lack of prompt, accurate information to inform market decisions. Competitive value chains depend on the timely flow of information from the market upstream to the producer and from the producer along the value chain to the end buyer. This information not only covers data on prices but also intelligence on product characteristics and standards required by the market, including size, color, variety, quality, and certifications; analysis of current and future market trends and opportunities; and business contacts, such as the AAC buyers' network. Market information should drive farmers' decisions on what to plant when, as well as processors' and consolidators' decisions on how to process and package. Access to market information improves efficiency, removes unfair advantages, and promotes healthy competition. Because of the current lack of information in Albania, market signals are often misinterpreted or missed altogether, greatly contributing to market inefficiencies.

System to ensure that information on market information get to the value chain

There have been previous attempts to establish a market information system in Albania, most recently by the German development agency, which developed the Albanian Agriculture Market Information System (ALBAMIS), now managed by the Albanian Centre for International Trade (ACIT). The MoAFCP currently collects price data for this system from 11 wholesale centers, but the website is not up to date, there is a general impression among stakeholders that the data are not reliable, and the information does not reach all potential users, as the main modes of dissemination are the website and leaflets. Beyond ALBAMIS, there is little market information available. Most producers have extremely limited access to market information—including the most basic price information—and even less understanding of how to use the information available to them. As a result, farmers do not produce what the market demands, make poor timing and pricing decisions, and have little power in negotiating with buyers. Traders or consolidators, on the other hand, have their own established personal networks which they can call for price information. For example, AgroKoni has stalls in four major wholesale markets, along with agents in other markets, able

to supply current prices at any time. There is currently some market intelligence being developed, including by DAI's AAC team member IDRA, but it is unclear whether this information is reaching those who would most benefit from it. AFADA, ABMC, and KASH all provide some information to their members, including quarterly prices and potential market opportunities, but this is far from enough. The AAC program will learn from these previous efforts, adopting what worked well and learning lessons from the pitfalls encountered.

System to Ensure Sustainability

Establishing a functional MIS is not enough, unless we also build in sustainability. Our approach will be to establish a working MIS based on the users' needs and enable them to use it to directly increase income, thereby building support for it. Once a committed base of MIS customers who value the output has been established, DAI will work with this group to explore cost-recovery options. The AAC team will also ensure that the MIS is firmly placed in an institutional "home" by Year 5 of the program.

Year 1 Activities:

- Identify the information needs of target groups through the regional agricultural roundtables and interviews with key stakeholders and use this as the basis for the MIS design, including the mode of collection, dissemination, and capacity-building activities.
- Establish a system to collect wholesale market prices for the main AAC commodities and agricultural inputs in major wholesale centers across Albania. This system will employ price monitors—MoAFCP employees based in the region—who will collect daily prices in one wholesale market and send the data via cell phone text message or email to the central AAC database. Relevant information on prices in key regional market centers will also be collected and fed into the database.
- Disseminate information by various means in order to most cost-effectively reach the target groups; modes of dissemination are likely to change during the life of the program as the Albanian environment changes. Recognizing that newspapers do not reach Albania's rural areas, in Year 1 we expect to disseminate information primarily by posting data daily in key wholesale markets around Albania and by direct contact with community leaders, who will post the data in key producing areas. We will also disseminate information through active associations, including AFADA, the association of input suppliers.

Year 2-3 Activities:

- Once the MIS is functional, develop and disseminate marketing information to producers through the extension network described under Component 1, and as part of the organizational capacity building for establishing new cooperatives. These extension packages will be developed by Dr. Lee and Mr. Hodobashi to train farmers, traders, and others in how to use market information to maximize profits and take advantage of market opportunities. These packages will rely heavily on demonstrating the value of accessing such information by describing Albanian farmers who have used MIS to raise incomes.
- Mr. Hodobashi's team will collect existing market intelligence through already-established contacts with both the private sector and other donor programs and will determine the best method for dissemination. Additional research may be undertaken, but only if it is demand driven and will directly affect income by meeting a specific need. This effort will include

a market information website and bulletins, as well as presentations at association quarterly meetings, including those of ABMC, KASH, and AFADA.

- Build the data for the AAC buyers' network and potential suppliers in selected target crop sectors, including name, location, contact information, crop quantities produced or wanted to buy, and other information useful for linking farmers with other value chain players. This data will be collected by the entire AAC team through their interactions with producers, buyers, government, and other donors.
- Explore other methods of communicating information, including SMS mobile phone text messages to cooperatives, traders, and wholesale market centers. Over AAC's five-year life, Albania's mobile phone use is expected to rise, making this channel increasingly relevant.

Year 4–5 Activities:

- Explore developing more sophisticated information dissemination methods, particularly using cell phone technology. One possible option is to send daily market information on key products in important markets via text messages to paying subscribers. Another would be to have a user-pull service that allows users to text a request for information on a specific commodity and pay per use. For its Agricultural Reconstruction and Development for Iraq (ARDI) project, DAI developed a sophisticated MIS using mobile phone technology that has been successful beyond the project's life (see box, right).
- Select the optimal institutional "home" for the MIS. Mr. Hodobashi will work side by side with this institution on managing the MIS during AAC's final two years, to ensure that the capacity needed is transferred through joint implementation.
- Identify and implement cost recovery opportunities to increase the sustainability of the MIS. While not all users are expected to be able to pay for information, some actors may be able and willing to do so—for example, traders who will pay to have the latest price information delivered to their cell phones for all Albanian wholesale markets, regional markets, and key European markets.

COMODITIY SELECTION

Sub Sector Selection

The results of the sub sector selection process identified five sub sectors on which AAC thought the program could successfully make changes in the value chain. These sub sectors had the strongest economic growth potential and also meet other development objectives of the AAC program. The sub sectors included those pre-selected during the proposal phase, olives, melons and vegetables, and two additional commodities, cultivated herbs and tree fruit. USAID approved four of these sub sectors. The AAC program immediately began work in the approved selected sub sectors, olives, tree fruit, vegetables and melons. The program identified both domestic and export markets for these products. The best opportunities currently exist in the domestic market, where there is good potential for import displacement by local production. This is true not only because of the proximity advantage, but also because of a strong local preference for Albanian-grown agricultural products, which are considered more natural.

The market demands define what product to produce, when to produce it, and what its characteristics should be, including variety, color, size, texture, processing, and packaging. Such market-defined specifications have been identified by AAC round table activities. The roundtables determined that AAC should focus on increasing farm-level capacity, but AAC should also work farther upstream with input suppliers and downstream with consolidators, processors, and exporters where market specifications require improvements at these levels. AAC is helping the farmers' decisions to be driven by the market and assist them to be able to respond to market opportunities.

Four value chain case studies were assessed during the first month of the project. They were high value:

- Vegetables
- Tree Fruits
- Olives
- Melons

The analysis included:

1. Economic potential
 - Unmet market demand
 - Potential for growth
 - Potential for product differentiation
2. AAC development goals
 - Employment generation
 - Increased income
 - Contribution to national economy

- Smallholder involvement in value chain
 - Participation of women
3. Feasibility - commodities that have the required support to grow
- Favorable business environment
 - Leadership, readiness, and commitment
 - Willingness to cost-share
 - Accessible as a model to be seen and adapted by the industry

The assessment and selection process was highly participatory, drawing on the expertise of value chain participants and, in so doing, contributing to the development of a shared vision for the particular commodities under consideration. Final selection was made by measuring each candidate commodities against these criteria. To this end, AAC technical assistance, including expatriate and Albanian short-term technical experts, conducted the 4 value chain case studies. The assessment teams for the completed studies were as follows:

Fresh Vegetable: Mr. Piro Rapushi.

Olives: Mr. Ilir Mehmeti.

Fresh Tree Fruit: Ilir Pilku.

Melons: Bronwyn Irvin

Commodity Value Chain: High Value Vegetables

Assessment Findings

The supply chain for year round vegetables is geographically diverse, employing thousands of producers as well as range of businesses that are linked to production including traders, transporters, and suppliers of seeds, fertilizers, pesticides, fuel, machinery, irrigation equipment and other inputs. The sector has seen steady growth year after year in terms of hectares cultivated, diversity of crops, length of growing season, and output. This is due to growing market demand both domestic and export for high quality produce. While the market share for imports of fresh vegetables and fruits remains significant, the future for import substitution looks promising. However the current value chain must become more efficient to capture more market share domestically and for export.

Key challenges to improving the value chain.

- Changing thinking from producers of seasonal commodities in search of a market to producers of high quality and valued products based on the demands of the marketplace.
- Understanding that farming is an enterprise requiring modern business management skills in order to grow.

- Reducing high transaction costs of individual growers for production, marketing and finance by identifying ways of cooperating with other growers and strengthening their position by conducting transactions through groups
- Securing sources of information on production, marketing and financial issues that are reliable and transparent

Specific issues identified by growers:

- Limited access to high quality certified seeds and planting materials (particularly for vegetables) and other inputs
- Excessive pesticide use and residue
- Wet markets remain important but have not adopted improved technologies
- Limited working relationship with buyers
- Limited market information and
- Options for farm gate sales
- Absence of basic post harvest facilities near growers fields
- Rough handling of produce throughout the value chain resulting in high product losses
- Limited access to seasonal working capital

Commodity Value Chain: High Value Melons

Assessment findings

The melon sector is one of the fastest growing segments of commercial farming. The major production sites estimated at 8000 hectares are located along the coast from Saranda to Lezha. During the season the melon supply chain employs thousands of workers. Production technology varies from low input direct seeding to high input grafted transplants growing in plastic tunnels using drip irrigation/fertigation. Early melons are a niche market commanding attractive prices both domestically and in regional markets. By mid summer, melons are in full production and are viewed as a commodity with lower farm gate prices. Albania's reputation for high quality melons continues to grow and trading opportunities look promising. The export supply chain must become more efficient during Albania's short niche market opportunity in order to insure genuine and sustained growth.

Key challenges to improving the high value export supply chain.

Given the large volume of melons required by traders for export markets, growers need to continue their efforts at developing highly effective associations. This will lead to reducing high transaction costs related to pre harvest production expenses, post harvest and storage, profitable marketing, and reduced interest rates for working capital loans.

Growers also need to develop reliable sources of transparent information on production, post harvest, marketing and financing. This will lead to viewing their product not as melon, the commodity, but as melon, the high value product.

Specific issues identified by those involved in the melon value chain :

Marketing approach is opportunistic and high fragmented.

Contractual relationships with growers and buyers varies. All feel they need to more effective.

Large swings in supplies and prices

Working capital is mainly provided through input supply dealers and some traders.

Technical production information is provided by input supply dealers. Public extension outreach is limited.

Transport from the farm gate varies according to trader demand.

On-farm or farming community storage is limited to non existence. Collection points and cold storage tend to be in major towns.

Commodity Value Chain: High Value Tree Fruit

Assessment Findings

Commercial production of tree fruits is found throughout most of the country however it tends to be concentrated in the Korca Region and parts of the Coastal Region. The domestic demand for tree fruits year round is strong with imports holding a sizable portion of the market. Reliability in terms of quality, quantity and timing are main reasons for the presence of tree fruit imports. While agro-climatic conditions are highly favorable for production, commercial growth in the sector remains challenging. Policy issues related to secure land titles, reluctance to rent orchard land on a long term basis, and fragmentation of small land parcels are viewed as challenges to expansion. Nevertheless new orchards are being established and a fledging supply chain is operating.

Key challenges by those involved in the value chain:

- As new orchards are a long term investment with returns delayed for several years, the farm management decision making process is critical to ensuring tree fruit enterprises will be successful.
- Growers need to tap sources of information that are reliable and transparent on high value varieties, cost efficient orchard production, secure markets, and financial issues.
- The small quantities of high quality tree fruit makes consolidation for marketing purposes problematic.
- The large quantity of low quality tree fruit offered to by individual small growers is largely an unattractive transaction for buyers.
- Orchards that are growing higher value apple varieties are limited.
- Storage by growers of high quality tree fruit as a marketing strategy for optimum pricing is non existent. Most growers sell immediately after harvest.
- Financing is very limited for redeveloping orchards and for seasonal working capital.

Commodity Value Chain: High Value Olives

Assessment Findings:

The assessment of the value chain in Albania was based on previous assessments conducted by other donor agencies or organizations. Information and recommendations from these assessments were verified with field trips conducted in 2007 with different interested stakeholders. The commercial olive industry of today is characterized a 1000's of small family orchards producing either table or oil (or both); small processors with limited capacity and finances, and marketers selling specialty artisan-type oil products (extra virgin or "bio"). As a result the supply chain is inefficient and transaction costs are high. Traders buy imports of olives and subsidized oil from neighboring countries as prices are highly competitive with local production. Imported supplies are also of consistent quality and in quantities that meet market demand. However the local olive industry is showing signs of growth and market share is improving. Albanian consumers say they prefer local olives and oil. However the value chain for both oil and table olives will need to become much more efficient in order to sell in the domestic market.

Key challenges to improving the value chain:

- Changing the mindset toward olives as a low input management system to a commercial mindset of producing and marketing high value olives.
- Strong high value grower –specialty buyer linkage.
- Information to commercial growers on niche olive products using bio safe technology. Use of this technology could potentially add value to the final product
- The density of trees per unit of land needs to be intensified. Current small orchards are not commercially viable. Super high density planting systems (with up to 10 times the trees now found in orchards) need to be promoted for both table and oil.
- Financing for orchard establishment and working capital. Processors also need working capital for purchasing olives.

Five Year Work Plan

Description	Year 1 - Q1			Year 1			Year 2			Year 3			Year 4			Year 5		
	M1	M2	M3	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Project Start-Up and Management																		
Mobilize Chief of Party and project staff																		
Set up project office																		
Prepare a detailed procurement plan and procure equipment																		
Establish administrative and financial policies and procedures																		
Finalize Year 1 workplan and five-year workplan and present to USAID for approval																		
Submit subsequent annual workplans																		
Finalize PMP and present to USAID for approval																		
Submit Quarterly Progress Reports																		
Conduct annual self-evaluation of overall performance																		
Submit Quarterly Financial Reports																		
Commodity Selection																		
Finalize methodology for competitive commodity assessment																		
Assess and recommend for USAID approval commodities with competitive potential, develop Commodity Development Plans for selected commodities																		
Complete a Pesticide Evaluation Report and Safe Use Action Plan (PERUSAP)																		
Draft amendment to original Initial Environmental Examination																		
Component 1: Strengthen Producer Capacity for Competitive Commercial Farming																		
Task 1: Consolidation of Production																		
Identify existing and potential nascent producer groups or existing cooperatives with potential to become functional for-profit cooperatives																		
Build capacity of cooperatives to initially provide at least one key service to their members with a direct financial impact																		
Build the organizational and management capacity of cooperatives to ensure sustainability of the organization																		
Scale up outreach to new potential producer groups through informational outreach to producers using successful cooperatives as models and through existing networks																		
Review potential impact of land fragmentation and women's land tenure rights on AAC activities																		
Select additional commodities, develop Commodity Development Plans, and begin work with new commodities																		
Build the capacity of producer cooperatives to collect and manage dues from cooperative members and to develop non-member revenue sources																		
Graduate cooperatives from AAC support once they have sufficient management capacity and are sustainably providing services to their members																		
Task 2: Improving Production Practices																		
Develop commodity specific technical training packages to address key production constraints identified during the commodity competitiveness selection assessment																		
Identify and build the capacity of existing public and private sector extension staff to provide technical advice to farmers																		
Explore opportunities for collaboration with MoAFCP Technology Transfer Centers for applied research																		
Provide cost-share grants to lead farmers to demonstrate new technologies and machinery that address a specific constraint in production in one of the AAC commodities.																		
Identify lead farmers and input suppliers to conduct farmer field trials to demonstrate the cost-benefit of adopting new technologies and methodologies																		
Encourage buyers and input suppliers to invest in private sector extension																		
Develop an agricultural machinery leasing program																		

Description	Year 1 - Q1			Year 1			Year 2				Year 3				Year 4				Year 5														
	M1	M2	M3	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4											
Component 3: Increase Access to and Utilization of Timely and Reliable Market Information																																	
Identify the information needs of target groups through the Regional Agricultural Roundtables and interviews with key stakeholders to use as a basis for designing the MIS	—————																																
Establish a system to collect wholesale market prices for the main AAC commodities and agricultural inputs in the major wholesale centers across Albania		—————																															
Disseminate collected market information				—————																													
Develop and disseminate marketing information extension to producers through the extension network and as part of the organizational capacity building for establishing new cooperatives							—————																										
Collect existing market intelligence and determine the best method for dissemination							—————																										
Build the data for the AAC Buyer Network and potential suppliers in selected target crop sectors to help link farmers with other players along the value chain							—————																										
Explore additional methods of information dissemination including SMS mobile phone text messages to producer cooperatives, traders, and wholesale market centers							—————																										
Explore developing more sophisticated information dissemination methods																			—————														
Select the optimal institutional "home" for the MIS and work with this institution to ensure that the capacity is transferred through joint implementation																					—————												
Identify and implement cost recovery opportunities to increase the sustainability of the MIS																					—————												
Develop the brokerage potential of the market information system																					—————												
Monitoring and Evaluation																																	
Conduct rapid appraisals to establish baselines and targets for all result indicators and complementary performance indicators	—————																																
Project Close Down																																	
Submit close down and exit plan																							—————										
Exit project																							▲										
Submit final report																							▲										

——— ongoing activity
 intermittent activity
 ▲ deliverable

Year 1 Activities for Five Year Work Plan

Component 1: Strengthen Producer Capacity for Competitive Commercial Farming

Task 1: Consolidation of Production

1.1 Identify existing and potential nascent producer groups or existing cooperatives with potential to become functional for-profit cooperatives.

Description:

Producer associations are viewed as a key strategy for achieving the aim of AAC. AAC recognizes the fledging efforts of several producers groups to provide meaningful services to their members. AAC plans to build on their efforts to date with the purpose of encouraging them to become for-profit cooperatives. AAC will:

- Provide continuous management training in to selected producers groups in order to develop a fully functional, member run organization.

Location: AAC's priority farming areas and four commodities.

Project Activity: STTA, training, workshops

1.2 Build capacity of cooperatives to initially provide at least one key service to their members with a direct financial impact.

Description:

Transforming associations or growers groups from their current state towards a solid for-profit cooperative will require offering their members a compelling reason(s) for working together. AAC will work with selected associations identifying their perceived opportunities and challenges to growing as an association, identify with them priority services the membership can provide, and design a plan of action for delivering those services. Initial fact finding shows that current association members need services in the main areas of production technology, marketing, and options for financing. AAC will:

- Through roundtables with growers groups identify with them the prime service they want from their cooperative (technology, markets, and finance). Design a training plan of action with the membership to meet those needs.

Location: AAC's priority farming areas and four commodities.

Project Activity: Workshops in farming communities.

1.3 Build the organizational and management capacity of cooperatives to ensure sustainability of the organization.

Description:

Co-ops are successful only when the membership feels they benefit from associating with other growers. Co-op management therefore needs to provide timely and relevant information and services. AAC will work with selected co-ops to build a service oriented management system, especially in the areas of improving farm management operations, marketing, and financial management.

1.4 Scale up outreach to new potential producer groups through informational outreach to producers using successful cooperatives as models and through existing networks.

Description:

During the start-up phase, AAC emphasis will be placed on existing producers groups using the model described above. Once this model is successfully implemented AAC will move on to the second set of producer groups. AAC will:

- Develop a “best practices” co-op handbook for use by interested groups.
- Use a Farmer to Farmer type approach by having co-op management from the priority groups that have directly benefited from AAC assistance mentor new producer groups.

Project Activity: Workshops, handbook printing

1.5 Review potential impact of land fragmentation and women’s land tenure rights on AAC activities.

Description:

AAC recognizes the increasing pivotal role that women play in the successful development and management of their family run enterprises. AAC plans to build on the work done by the GATE Project.

- AAC will work closely with GATE Project in designing and implementing a coordinated approach so that resources are used effectively and efficiently.
- Both projects will joint implement strategic outreach activities.

Location: AAC’s priority farming communities and crops

Project Activity: Workshops

Task 2: Improving Production Practices

2.1 Develop commodity specific technical training packages to address key production constraints identified during the commodity competitiveness selection assessment.

Description:

AAC recognizes the work over the years by a variety of donors to address this issue. AAC’s fact finding shows that many farmers have become skeptical of so called farmer training feeling the trainings were more about the organization presenting the training than their specific needs. AAC’s approach to addressing this critical issue

head-on will be done by pin pointing growers specific needs in terms of improving their production system, marketing opportunities and options for financing.

AAC will:

- Facilitate roundtables for specific supply chains.
- AAC field and management staff will undertake selected individual farm assessments
- Design of AAC's technical, market, and financial training packages.
- Provide technical and cost share grants
- Promote "best practices" through outreach activities

Location: AAC's priority farming communities

Project Activity: Grants to growers/groups, STTA, outreach

2.1(a) Smallholder Olives Farmer Training

Description:

Partner with buyers to train olives farmers in best practices for olives production to reduce pests, increase productivity and provide export quality olives. Pass price premium on to farmers, providing the market incentives for farmers to adopt ACC interventions and produce export quality olives that has been lacking for much of Albania's olives production.

Activity Description:

In order to help farmers meet this demand for higher quality olives, ACC will:

- Train farmers in best practices for olive farming, post-harvest handling and the requirements to provide export quality olives. Follow-up training sessions will be provided to participating farmer groups to ensure that they are able to maximize techniques taught in the early training sessions.
- Develop and distribute communication and multimedia outputs for use in the training. The package includes VCDs, posters, calendars, and radio messages. The content of these communication packages includes information on best practices for olive cultivation, aid in the identification of pests and disease, the specification for export quality olives, and the post-harvest skills and understanding necessary to obtain maximum prices.
- Organize producers to form producer groups for marketing in bulk, reducing costs of inputs, and reducing transaction costs in accessing services.
- Link producers with technical assistance offered through ACC to improve quality and boost yields through post-harvest management, improved production practices, embedded private sector extension services, and Olive Productivity and Quality Workshop.
- Identify and engage companies specializing in Hazard Analysis Critical Control Points (HACCP) and International Standards Organization (ISO) certification and in food safety laboratory analysis to provide training.
- Facilitate access to finance for smallholders to purchase inputs including fertilizer and improved planting materials.

2.2 Identify and build the capacity of existing public and private sector extension staff to provide technical advice to farmers

Description:

AAC fact finding and roundtables shows that growers are bombarded with information often by “advisers” with special interests. There is a strong need for transparent information presented with the grower’s interest as the priority. AAC’s outreach staff will be the project’s front line voice of quality advice. AAC recognizes the need to enlist the support of advisers from the public and private sector in order to scale up AAC’s work.

- AAC will identify “best practices” for each of the four prime crops
- AAC will undertake a very practical “train the trainers” activity sharing the project’s technical knowledge with those who can share it with their networks of growers.

Project Activity: Handbook printing, outreach activities

2.3 Explore opportunities for collaboration with MoAFCP Technology Transfer Centers for applied research.

Description:

The Technology Transfer Centers are viewed as a key partner in the implementation of AAC. They have important resources in terms of land and skilled professionals to implement and monitor the key technologies to be introduced by AAC. The centers will also serve as a training venue for the planned farmer’s field days and other specialized training for professional advisers and growers. AAC will:

- Develop a program of work with each center in AAC’s priority areas and crops.
- TTC’s will undertake the improved technology package for each crop and assess its applicability with small commercial growers.
- In cooperation with AAC the TTC’s will conduct a series of farmer field days to show the applicability of the technology.
- AAC will guide the TTC’s in developing a best practices handbook for use in their outreach services program.

Project Activity:

Cost share grant for testing of improved technology, Handbook printing and outreach activities.

2.4 Provide cost-share grants to lead farmers to demonstrate new technologies and machinery that address a specific constraint in production in one of the AAC commodities.

Description:

Cost-share grants are viewed as an important support tool for the technology component. Once the priority technologies for each commodity and the AAC clients are identified, cost share grants will be designed in order to demonstrate the added value of the production/ post harvest production technology to the farming operation.

Location: Priority program areas and commodities

Project Activity: Grants

2.5 Identify lead farmers and input suppliers to conduct farmer field trials to demonstrate the cost benefit of adopting new technologies and methodologies.

Description:

AAC views the farmer roundtables as an important venue for identifying lead persons that can carry out the trials. Assessments by AAC field staff will also be used in the decision making process. AAC will work with those who are fully committed to improving their enterprises and view AAC as their partner in this effort. AAC will:

- Undertake client specific assessments in order to design field trials that add value to their enterprise.
- Provide technical assistance in the implementation of new technologies
- Promote the success of the trials through farmers field days at trial sites.

Project Activity: Cost share grants, Outreach activities

2.6 Encourage buyers and input suppliers to invest in private sector extension

Description:

The growth in private outreach staff reflects the importance companies place on development of their value chain. While initial efforts are noteworthy much remains to be done. AAC sees the buyers group as a key intervention point for outreach activities. Growers will listen to the requirements of those who buy their product. Buyers tell AAC they need to make sure their messages to their clients are effective and will lead to the quality produce the market demands. AAC is confident that the technology package will be applicable to the private extension sector. AAC plans to provide training to them and work side by side to ensure the link is successful.

Location: AAC's priority farming communities and crops.

Project Activity: Technical assistance

Task 3: Strengthening Farmers Access to Finance

3.1 Assist PSHM and other microfinance firms to increase their outreach to the agricultural sector by linking them with producer cooperatives, individual producers and processors.

Description;

The AAC roundtables showed that PSHM is active in loaning to growers and also that there is room for expansion. AAC will assist by:

- Providing technical assistance to growers groups in farm enterprise management, especially simple activity-based costing.
- Facilitate a roundtable series linking growers to PSHM and other companies providing agricultural financing.
- Develop a guideline for growers on options for securing agricultural financing.

Location: AAC's and PSHM's priority farming communities

Project Activity: Outreach activities with growers, printing of guidelines

3.2 Provide AAC partners with information on the DCA and introduce partners to Raiffeisen Bank. Link partners with BDS providers for business plan development and bank loan application

See above

3.3 Encourage provision of embedded value chain finance by buyers to producers for working capital for production, and investment in productive machinery, technology, and post-harvest infrastructure.

Description: Buyers of agricultural produce are a main source of working capital credit for small growers. The success of this linkage is viewed by AAC as the first step towards a stronger buyer-supplier relationship. AAC will:

- Facilitate discussions between buyers and progressive growers to go beyond short term working capital to long term investment needs.
- Facilitate roundtables involving buyers and financial institutions on options for financing longer term investment needs.
- Introduce the concept of "agricultural leasing" to financial companies as a main option for providing strategic credit.

Project Activity: Workshops, STTA

Component 2 Strengthen Capability for Market Development

Task 3: Increasing the Supply of High-Quality Product

3.1 Identify methods of extending the growing season for selected commodities as part of the specific technical training packages.

Description:

Precision timing of cropping cycles was identified as a need by both growers and traders in the high value season produce chain. AAC assistance will include:

- Identification by value chain players, early and late maturing in-demand produces.
- Work with key growers in developing a plan identifying the main inputs and technical assistance in production and marketing required as well as cost share grants if applicable.
- Produce outreach material for dissemination to other interested growers

Location: Western coastal region

Project Activity: Grants

3.2 Improving harvesting techniques of producer cooperatives and mitigate post-harvest losses by improving washing, sorting, basic storage, and packaging.

Description:

The value chain and roundtables identified post harvest issues impacting the value of the product. AAC will provide specific technical assistance for each main commodity with the aim of reducing losses and adding value to the product.

- Provide critical advice on the cost/benefit of each post harvest activity to optimize return to the grower.
- Produce outreach material for dissemination through workshops with growers groups and other interested players in the supply chain.

Location: AAC's priority farming areas and crops.

Project Activity: Cost share grants, Outreach activities

3.3 Facilitate access to existing storage

Description:

The Government of Albania is currently constructing large produce storage facilities in selected commercial farming areas. They are designed to serve as collection points and storage for wholesale trading activities. There are also a growing number of small privately owned facilities. The value chain analysis and roundtables identified several issues impacting the operational effectiveness the facilities. AAC will add value to the supply chain players by:

- Facilitating development of a roundtable working group composed of members from each part of the supply chain for each government run facility in AAC's priority locations. Develop a plan of action to address the issues identify by the group.
- Support the working groups by providing specialized technical assistance the profitable management of cold chain public storage facilities.
- Produce a simple management manual and provide workshop training for other farming communities with public and privately owned storage facilities.

Project Activity: Training, STTA

3.4 Facilitate access to finance for facilities to improve post-harvest quality.

Description:

A number of private storage facilities have been built in the past few years in prime agriculture production areas. These initiatives are a reflection of growing market demand. The roundtables showed that growers need community based collection points as a first step before moving it to the larger private storage facilities. AAC will:

- Assist specific growers groups in the priority zones to design their own business plan for operating a post harvest quality improvement collection/storage facility.
- Provide STTA to growers groups in the technical design of low cost farmer run facilities.
- Facilitate roundtables with growers groups and locally based financing companies to present their storage facility business plan.

Project Activity: Cost share grant to groups, STTA, workshops, roundtables

Component 3: Increase Access to and Use of Timely and Reliable Market Information

Task 1: Access to Market Information

1.1 Identify the information needs of target groups through the regional agricultural roundtables and interviews with key stakeholders as a basis for designing the MIS

Description:

The access to timely price information gives farmers the key information they need regarding their crops and allows them to become more competitive. Through short courses teaching production and marketing decision making, AAC will use price data to show farmers the premium paid for imported produce that is sorted, clean, and packaged properly; to depict seasonality patterns for fruits and vegetables; to compare price fluctuations in different markets. AAC will identify information needs of target groups through the regional agricultural roundtables and interviews with key stakeholders and use this as the basis for the MIS design, including the mode of collection, dissemination, and capacity-building activities.

1.2 Establish a system to collect wholesale market prices for the main AAC commodities and agricultural inputs in major wholesale centers across Albania

Description:

Establish a system to collect wholesale market prices for the main AAC commodities and agricultural inputs in major wholesale centers across Albania. This system will employ price monitors who will collect daily prices in one wholesale market and send the data via cell phone text message or email to the central AAC database. Relevant information on prices in key regional market centers will also be collected and fed into the database. This central database will be housed by the AAC and managed by Mr. Hodobashi. However, the AAC team will work closely with the MoAFCP, which will be groomed to take over database management by the end of the program.

Cost Share Grants to Support Value Chain Activities

Program

The AAC team will design a Value Chain Support Grants Program to boost the project's hands-on technical assistance and training. The cost share grants program is designed to add value to farming enterprises by supporting innovative solutions to value chain challenges. Enterprises are expected to contribute to the proposed activity. ACC will establish an in-house committee which will review and award grants proposed by AAC staff on behalf of their clients. Clients are responsible for submitting to AAC all expense documents.

Examples of Possible Cost Share Grants:

- **Improved Seasonal Crop Production** : To accelerate the transfer of new technology to farmers in order to improve farm-level productivity and cost efficiency.
- **Improved Greenhouse Technology**: Vegetables are produced in greenhouses in both spring and autumn seasons. During both seasons, the current cost of diesel heating technology is very expensive for producers. Construction materials for the existing greenhouse design are also expensive. Introduce applications of low-cost solar heating, new greenhouse construction with low-cost wire mesh, and improved technologies for ventilation and better management of greenhouse climatic conditions.
- **New olive orchard development**: High density olive plantations for small growers is the system currently promoted in EU countries. AAC will also promote this system with innovative commercial olive growers on a cost share basis.
- **Fruit tree orchard redevelopment**: Low cost environmentally friendly technology packages that add value to current management systems.
- **Post Harvest**: In order to improve marketing opportunities, low-cost passive cooling systems at farm collection points for temporary post-harvest storage.

MONITORING AND EVALUATION PLAN

See attached Monitoring and Evaluation Plan