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ALBANIAN AGRICULTURE COMPETITIVENESS PROGRAM ANNUAL REPORT FISCAL YEAR 2009



ANNUAL REPORT

FISCAL YEAR 2009

PROGRAM TITLE: ALBANIAN AGRICULTURE COMPETITIVENESS PROJECT
SPONSORING USAID OFFICE: ECONOMIC GROWTH (AGRICULTURE AND AGRIBUSINESS)
CONTRACT NUMBER: EDH-I-00-05-0004-00/08.
CONTRACTOR: DAI
DATE OF PUBLICATION: OCTOBER 15, 2009
CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE: DR. KRISTAQ JORGJI
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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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PRESENTATION

Development Alternatives, Inc. is pleased to present the annual report of the Albanian Agriculture Competitiveness Program, implemented on behalf the United States Agency for International Development under Task Order No. EDH-I-00-05-0004-00/08.

This report contains the most relevant achievements of fiscal year 2009, in which the project progressively became the strategic partner of Albanian agribusinesses. The project assisted farmers to increase yields for as much as thirty percent while building their capacity to improve the quality of their products. This year also saw the AAC Program become a key actor in the facilitation of sales, achieving a record of US\$3.58 million, enabling farmers and traders to gain market share both in Albania and throughout the Balkan region. In the month of June, a group of progressive farmers and a trading company became suppliers of the world's largest food retailer, capturing a share of the early-season watermelon market. The latter, in tandem with the launch of the brand The Taste of Albania to identify Albanian fresh fruit and vegetables of the highest quality, is progressively bringing back the pride of Albanian entrepreneurs and the conviction that they have what it takes to become important players in the European food markets.

In the month of January, the program, in collaboration with the Ministry of Agriculture, Food and Consumer Protection launched the Market Information System for Trade and Agribusiness (SITA, for its Albanian acronym). By the end of September, the system was already producing daily price reports for 11 commodities in 4 wholesale markets; weekly price analysis and monthly trend analysis pieces, while making price data available via email, television, newspaper, market information points and on-demand SMS.

The project is also becoming a partner of the Ministry of Agriculture, Food and Consumer Protection and of the Agricultural University of Tirana by supporting agricultural research, contributing to policy analysis and providing opportunities for practical training.

In brief, the AAC program has become one of the drivers of innovation in Albanian agriculture, a close allied of private and public sectors and a promoter of change. The project is playing a vital role in a context of ubiquitous risk, emerging institutions and scant entrepreneurial drive, characteristic of transitional economies.

In 2010 the project will take on new endeavors, achieving a six-fold increase its client base and providing comprehensive and functional solutions to the issues constraining the growth of strategic value chains.

HIGHLIGHTS OF FY2009

- Carried out 70 capacity building activities in agricultural production, including 26 practical training sessions, 3 workshops, 6 roundtables and 35 field days, benefiting 300 farmers in the coastal areas and Korça region, all of whom who participated in an average of 3.3 days of training
 - Provided on-farm technical assistance in crop production to over 200 farmers
 - Enabled 46 project clients to access commercial loans valued at US\$390 thousand
 - Brought 208 hectares under improved production technologies
 - Introduced the Super-high Density Olive Production model to Albanian farmers through demonstration plots and a study tour to Spain
 - Facilitated 1,728 sales transactions with a value of over US\$3.58 million, bringing the total amount of sales facilitated since inception to US\$4.9m
 - Integrated a group of progressive Albanian farmers to the procurement programs of Wal-Mart, the world's largest food retail chain, while assisting other consolidators to sell in the regional markets, including Lithuania, Poland, Bulgaria and Romania
 - Introduced the brand The Taste of Albania for fruit and vegetables of the highest quality. Progressive consolidators are currently supplying leading supermarkets in Albania and exporting produce under this brand
 - Facilitated production contracts between commercial farmers and processing companies, thereby reducing the reliance on imported raw material and building producer networks. These resulted in sales of 1,400 tons of peppers and 600 tons of tomatoes with a value of over US\$523 thousand
 - Harmonized a system of standards commonly used by wholesale traders, giving rise to an accurate identification of price trends for different crops, grades and varieties
 - Established a system for the collection of daily prices for eleven commodities of different origin, varieties and grades in four major wholesale markets, totaling 624 data points/day
- TRAINED 300 FARMERS IN ADVANCED PRODUCTION TECHNOLOGIES
 - PROVIDED ON-FARM TECHNICAL ASSISTANCE TO OVER 200 FARMERS
 - FACILITATED 1,728 TRANSACTIONS WORTH US\$ 3.58 MILLION
 - ENABLED FARMERS FROM DIVJAKA TO PENETRATE THE GLOBAL RETAIL MARKET
 - INTRODUCED A NATIONAL BRAND FOR HIGH-QUALITY PRODUCE
 - FACILITATED PRODUCTION CONTRACTS FOR THE PROCESSING INDUSTRY WORTH OVER US\$500 THOUSAND
 - ESTABLISHED AN INNOVATIVE AND RELIABLE MARKET INFORMATION SYSTEM
 - MARKET INFORMATION IS NOW AVAILABLE ONLINE, AS WELL AS VIA SMS, NEWSPAPER AND IN MARKET INFORMATION POINTS THROUGHOUT THE COUNTRY

- Dissemination of market information through a series of media, including:
 - SMS on demand, providing up-to-date data on daily prices
 - Daily email price reports distributed to over 140 farmers, traders, processors and policymakers
 - Market information points located in Tirana, Fier, Korça, Divjaka, Lushnja and Xarra, Saranda. These consist of bulletin boards with daily and weekly price reports, as well as monthly trend analyses
 - Television, airing weekly price data via teletext during the weekly GreenMarket television program
 - Newspaper, providing biweekly analyses of price trends for a variety of crops, as well as price forecasts and news of interest to the farming community
 - Internet, through an interactive database available through the GreenMarket website recently upgraded through a grant
 - The Market information System is constantly evaluated based on a series of parameters determining its timeliness and reliability, the latter assumed to be a function of accuracy, accessibility and data validity. Within this context, the latest assessment showed a timeliness score of 93.2 percent and reliability of 99.3 percent.
 - Launched the Youth Agribusiness Network for Markets and Innovation (RASTI for its acronym in Albanian language) to engage young rural men and women in commercial agriculture

USAID'S AAC PROGRAM FOLLOWS A VALUE CHAIN APPROACH TO DEVELOP THE COMPETITIVE POTENTIAL OF ALBANIAN AGRICULTURE.

THE PROJECT INTRODUCES SYSTEMS OF INNOVATION IN THE AREAS OF CROP PRODUCTION, MARKET DEVELOPMENT AND MARKET INFORMATION SYSTEMS, WHILE BUILDING THE CAPACITY OF FUTURE ENTREPRENEURS TO IDENTIFY AND HARNESS BUSINESS OPPORTUNITIES.



STRENGTHENING PRODUCER CAPACITY FOR COMPETITIVE COMMERCIAL FARMING

During fiscal year 2009 program activities focused on three fundamental areas; technology trials, delivery of practical training sessions to improve productivity, and provision of on-farm technical assistance to project clients.

During Fiscal Year 2009, the AAC Program delivered 70 capacity building activities, including 26 practical training sessions, 3 workshops, 6 roundtables and 35 field days, benefiting 300 farmers in the coastal areas and Korça region, and introduced advanced production technologies with direct impact on the reduction of production costs, increases in productivity and quality improvements.

TREE CROPS—APPLES AND OLIVES

In October and November 2008, the project team in Korça worked with Dr. Errol Hewett, a short-term technical advisor in post-harvest management. The consultant conducted an assessment of pre and post-harvest practices for apples concluding in a series of recommendations, which included the following:

- Promote the achievement of economies of scale at the production level
- Provide practical training sessions in pre-harvest practices aimed to improve fruit quality, including thinning, pruning and the determination of proper harvesting points
- Work with cold storage operators to use appropriate temperatures to prolong storage time. The consultant noted that the proper temperature should be 0-2 degrees Celsius
- Exposing cold-storage operators to best practices through study tours

Based on the recommendations of the international expert, during the period January-August 2009 the Korça field team provided project clients with technical assistance in crop protection, soil analysis and fertilizer application regimes, as well as practical training sessions and field days on the topics presented in Table 1.

TABLE 1. PRACTICAL TRAINING SESSIONS, FIELD DAYS AND WORKSHOPS FOR APPLE GROWERS, FISCAL YEAR 2009

DATE	TYPE OF EVENT AND TOPIC	PARTICIPANTS
9/22/2008	Pre- and Post-harvest practices	6
9/23/2008		4
9/24/2008		12
10/15/2008		8
9/7/2009	Harvesting techniques	10
9/14/2009		7
2/8/2009	Winter pruning for quality improvement	10
2/5/2009		11
2/2/2009		19
2/3/2009		18
3/25/2009		11
8/2/2009		10
10/2/2009		27
9/8/2009	The use of Calcium to improve quality	9
10/3/2009	Improving soil fertility	5
3/25/2009		7
5/5/2009	Field day on IPM	25
6/5/2009		7
5/11/2009		23
5/12/2009		13
5/13/2009		19
6/1/2009	Field day on Thinning	28
6/1/2009		13
6/5/2009		9
6/8/2009	Field day on summer pruning for quality improvement	9
7/7/2009	Workshop on Factors Limiting the Growth of the apple Subsector	77
TOTAL NUMBER OF PARTICIPANTS		397

These activities were further strengthened by facilitating the interaction between cold storage operators and progressive apple farmers, in which the former had the opportunity to inform farmers about their particular quality requirements. Project staff then offered technical support to enable apple producers to meet the standards of their clients. This approach proved to be effective in generating demand for production technologies, which before had been disregarded as non-essential.

Due to the seasonal character of apple production, which does not allow to measure production and sales within the fiscal year, the project conducted an impact survey in February 2009. The survey captured the results of project interventions in fiscal year 2008, consistent with an increase in total output of 32 percent, an increase in domestic sales of 15 percent and a reduction of 4 percent in production costs.

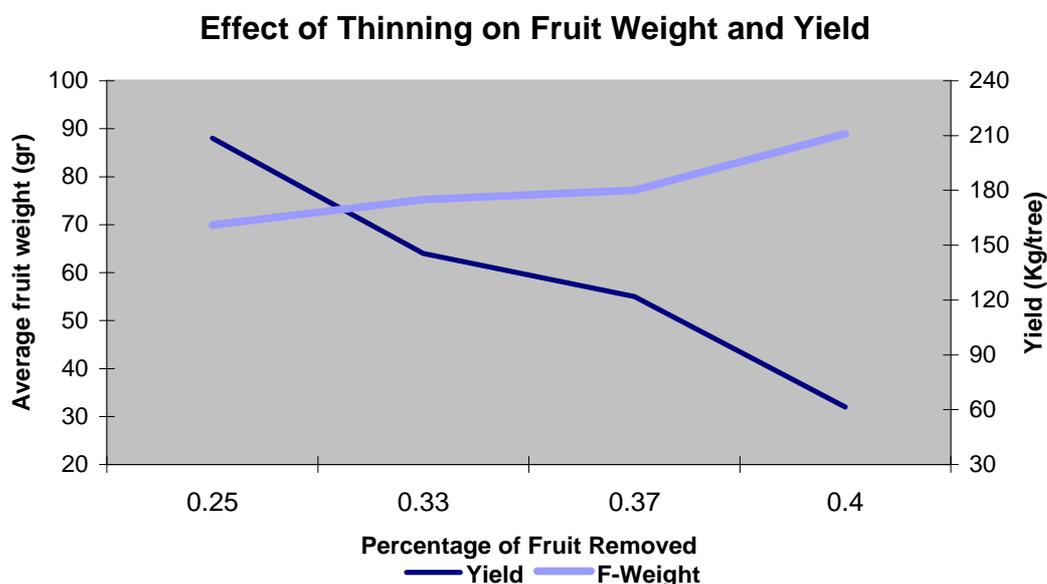
The activities in support of the apple subsector were further strengthened through the technical assistance of Mr. Doug Hemly, an experienced apple farmer, cold storage operator and fruit distributor based in California. Mr. Hemly spent over two weeks with the Korça field team in September 2009. Mr. Hemly noted several issues that will be addressed by the project field staff in fiscal year 2010, among them:

- Improvement of hygiene practices in cold storage units
- Proper cooling of fresh fruit, lowering the temperature as rapidly as possible and storing the apples at zero degrees Celsius. This is a practice not easily accepted by cold storage operators who prefer to lower the temperature of the fruit in stages and set the cooling equipment at five degrees Celsius
- Using blanket fungicide application regimes, as opposed to applications on demand, which based on evidence have not been effective
- Facilitate access to soil tests and limit the promotion of fertigation until fertilizer application regimes can be properly determined
- Underscore the need for proper grading both at farm-level and at the cold storage facilities

Recognizing that quality is one of the major factors limiting the competitiveness of Albanian apples, the AAC program invested a substantial amount of time in the promotion of quality-enhancing practices, among them winter pruning and manual thinning.

Preliminary results from field demonstrations carried out in the communes of Voskop, Mollaj and Pirg showed a positive correlation between the percentage of apples removed, at an early stage and average fruit weight, with the largest effect on fruit size achieved with a removal of 40 percent of fruit removed 1 week after setting (Figure 1).

FIGURE 1. EFFECT OF FRUIT THINNING ON FRUIT WEIGHT--PRELIMINARY RESULTS



However, as shown in Table 2, thinning has also an effect on total yield, thus the decision on the percentage of fruit to remove must be a function of the impact on yield, potential gains derived from quality improvements and most importantly, consumers' willingness to pay higher prices for larger and better-quality apples.

TABLE 2. DIFFERENT DEGREES OF THINNING AND THEIR IMPACT ON AVERAGE FRUIT WEIGHT AND YIELD

Percentage of fruit removed	Change in fruit weight (%)	Change in yield per tree (%)
25	1.21	-1.1
33	1.72	-24
37	11.8	-29
40	24.8	-60

In the case of Albania in general and Korça in particular, consumers do not appear to be willing to reward quality through higher prices; at least not to the point in which it makes sense to implement aggressive thinning. At current prices, average Albanian wholesalers and consumers were willing to pay 12-15 percent more for better quality fruit, which would result in a maximum of 15 percent increase in revenue at a thinning rate of 25 percent. Therefore, under the current market structure thinning beyond 25 percent is neither profitable, nor advisable.

During the 2009 harvest season, the project introduced apple harvesting bags, as a way to reduce fruit damage during harvest. The project enables a local entrepreneur to manufacture the bags and promoted their use through a fifty percent cost-sharing scheme. Results were positive, substantially reducing bruising and increasing labor productivity.

In fiscal year 2010, AAC will focus its activities in support of the apple value chain in the provision of technical assistance to cold storage operators to enable them to structure and manage efficient producer networks. This is important because achieving a higher degree of competitiveness requires close vertical coordination, ensuring that producers meet the grade set by cold storage operators while optimizing pre and post-harvest processes.

Activities in support of the Olive Subsector focused in providing farmers with information regarding alternative production systems, specifically super-high-density (SHD) olive production. This was achieved through field days to existing SHD orchards, a round table with key industry players, and through a study tour to Spain, in partnership with Agromillora, a supplier of dwarf olive saplings.

The participants in the study tour included Mr. Dhimiter Panajoti, Director of the MOAFCP's Technology Transfer Center in Vlora, and a recognized expert in olive production; Mr. Fatmir Hoxha, commercial farmer and AAC client; Mr. Josif Gorrea, agribusiness entrepreneur, and Mr. Luto Goga, AAC staff.

The group was exposed to nurseries of Arbequina olives, SHD olive production and milling. Among the topics that called the attention of the participants were the degree of mechanization, the density of plants (i.e. 1,500 saplings/ha) and most

importantly the imperative of economies of scale to harness the advantages of this production system.

As a result of this study tour, Mr. Dimiter Panajoti delivered two presentations on the advantages of SHD olive production system to a group of industry leaders, under the auspices of the project, and to the Olive Task Force a group within the Ministry of Agriculture, Food and Consumer Protection in charge of the governmental olive strategy. Similarly, Mr. Gorrea reached an agreement to become the exclusive distributor of dwarf olive saplings produced by Agromillora,

Within the context of the memorandum of understanding signed between DAI, as implementer of the AAC project, and the Ministry of Agriculture, Food and Consumer Protection, the project provided assistance for the establishment of 0.5 hectare on-station trial of SHD olive production at the Vlora Technology Transfer Center (TTC). According to an addendum to the memorandum of understanding, specifically related to this activity, researchers from the TTC will monitor the performance of the SHD olive orchard and will provide regular updates to the AAC project to jointly assess the adaptability of this technology to the context of Albania.

At the end of the reporting period, the project, in collaboration with interns from the Agriculture University of Tirana, conducted a survey of 360 olive farms as a way to assess the profitability of the crop under different investment scenarios.

The typical olive producer, according to AAC's survey is male, aged 52 with a family of 5. Average farm size is 1.47 hectares, with 0.64 hectares planted to olives producing 1.01 metric tons of olives/ year.

For eighty five percent of farmers, olives represent less than 25 percent of their annual income, and 77 percent of all farmers interviewed had two or more olive varieties in their orchards.

From the survey results it is logical to conclude that lack of efficiency in olive production partially derives from absence of focus (i.e. intensive orchards of a single variety), reliance in outdated technologies and most importantly lack of economic importance of the crop in the context of the income portfolio of the typical household.

The challenge presented by the olive subsector is clear. Competitiveness is being significantly affected by a lack of investment in production technologies and absence of commercial focus, resulting in low yields, which make of the crop an unprofitable option. On the other hand, olives constitute a major element of Albanian culture and there is widespread opposition to put land currently grown to olives to a more efficient use.

Nonetheless, the project is currently working to find ways to reduce production costs, increase the efficiency of processing firms and identify new market niches.

GREENHOUSE VEGETABLES

AAC project focused its efforts in three specific areas: a) extending the production seasons, b) increasing productivity and c) reducing production costs.

Within this context, the project carried out twenty two capacity building activities with 346 participants (Table 3). The emphasis was on introducing and promoting advanced production technologies, more effective methods to manage pests of economic importance and efficient use of agro-chemicals.

TABLE 3. WORKSHOPS, PRACTICAL TRAINING SESSIONS AND FIELD DAYS ON GREENHOUSE PRODUCTION TECHNOLOGIES, 2009

DATE	TOPIC	NUMBER OF PARTICIPANTS
2/16/2009	Global Horticulture Markets for Greenhouse Vegetables and Melon	25
2/25/2009	"Bio nematode protection"	14
3/4/2009	Practical training on Greenhouse Production Technologies	26
3/7/2009		19
2/11/2009		33
5/13/2009	Field Days to Inflated Greenhouses	16
5/21/2009		14
5/12/2009		12
5/19/2009		8
4/8/2009	Practical training on " The Effect of Lightning and Airing Regimes on Greenhouse Production"	16
4/12/2009		16
5/6/2009		15
5/9/2009	Practical training "IPM and its Advantages for Greenhouse Vegetable Production"	16
5/16/2009		11
5/22/2009		18
5/23/2009		12
6/18/2009		11
8/12/2009	Practical training "Nematode Prevention and Management Methods, Treatment Timetable"	22
8/19/2009		10
8/26/2009		8
9/2/2009		9
9/9/2009		15
TOTAL NUMBER OF PARTICIPANTS		346

During fiscal year 2008, the project introduced a set of technologies seeking to assess their effectiveness and adaptability to the Albanian context. One of such

technologies was the double-wall inflated greenhouses, a technology widespread in the United States and in other temperate zones as a way to reduce heating costs.

In Albania, the AAC program introduced the technology by co-financing the establishment of four trials, two in Hysgjokaj, one in Gorican and one in Velmish. As shown in Box 1, both the results perceived by farmers and the outcome of the financial analysis were encouraging.

Box1

On Double-Wall Inflated Greenhouses.

Professor Astrit Balliu, Technical Advisor.

...because during the light hours sun radiation is able to accumulate enough energy inside any greenhouse, the analysis focused in dark hours (from 17:00 to 04:00), where due to significant energy losses, plants might be threaten in cold nights. There was no significant difference in air humidity. Greenhouse air in both greenhouse types was saturated (99.9 % humidity) throughout all night hours. While, there is a risk for high incidence of fungal diseases, no serious disease problems occurred during the cropping cycle.

Contrary to that, the differences regarding air temperatures were significant. Obviously, at the beginning of dark period there is a much higher temperature in inflated greenhouses (5.7 C). The advantage is maintained throughout the night, though gradually diminished. The mean of temperature differences between conventional and inflated greenhouses (12 night hours) was calculated to about 2 degrees Celsius.

Considering that a difference of 2 to 4 degrees Celsius was evidenced between common and double plastic greenhouses, one can easily calculate the differences of total heat losses between them. Obviously, the heat losses are significantly reduced in case of inflated greenhouses, in the range from 19,000 to 39,000 kcal per hour per 1000 sq. m. This is a similar effect of that of burning 2 to 4 l/hr of heating oil. The total benefit throughout the growing season would be equal to the burning effect of 19,000 to 39,000 liters of heating oil per 1,000 sq. m greenhouse. Based on current market oil prices, the difference of 2 to 4 Celsius degree obtained due to double plastic film coverings would cost from 200,000 to 450,000 ALL per cropping cycle.

The increased inside temperature have a considerable effect on development rate of greenhouse's crops. As a consequence the harvest started 4 to 6 days before, but more than that, the harvesting rate of first weeks was much higher in inflated greenhouses. This resulted at the end with higher yield and better market price. In similar cases the total yield recorded was up to 28 percent higher. Because of that farmers were rewarded by a higher market price and consequently, a much higher revenue.

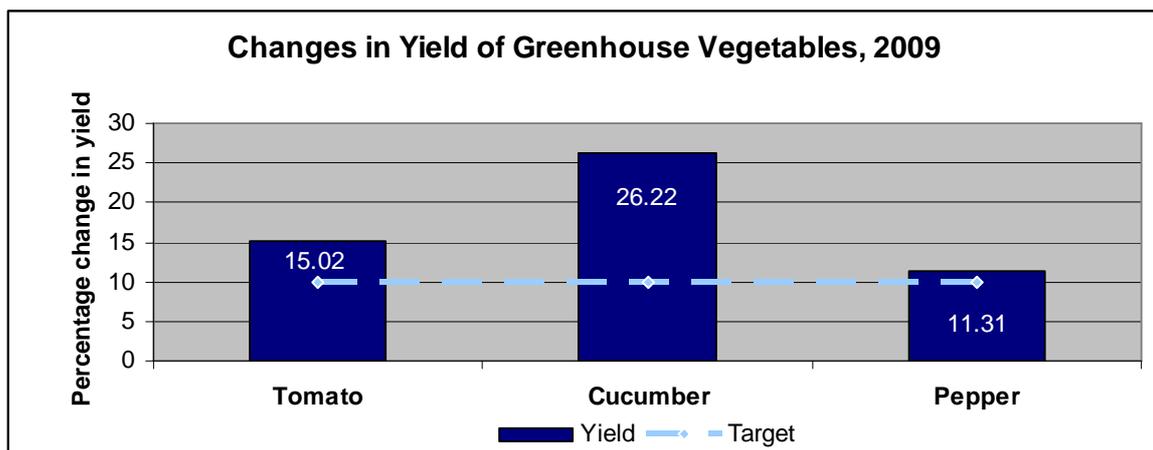
There is of course a higher construction cost (close to ALL2.025 million/ha) of inflated greenhouses, compared to traditional farmer's constructed greenhouses. Still, in the timeframe of a ten years utilization (which corresponds with full greenhouse depreciation) the net profit value (NPV) of an inflated greenhouse is calculated about ALL12.55 million/ha versus about ALL8.1 million/ha of common greenhouses. One might consider that as an additional profit of about ALL4.45 million per ha. Similarly, the internal rate of investment return (IRR) is also obviously much better for inflated greenhouses; 34 versus 29 percent of common greenhouses.

Based on the positive outcome of these trials, in 2010 the project will promote the dissemination of this technology through a combination of field days, technical workshops and by facilitating access to financial services.

During 2009, the project assisted 20 greenhouse vegetable producers to obtain 64 million Leke in loans. Sixteen of these loans were for the expansion of greenhouses, while four were for the procurement of equipment and inputs. While for the casual observer, the scale of the loans may seem as a small achievement, when put in context of the requirements and conditions for agricultural loans in Albania (i.e. 30 percent interest rate and 150 percent collateral) they constitute the reaffirmation of the confidence of both farmers and financial institutions on agriculture in general and greenhouse production in particular.

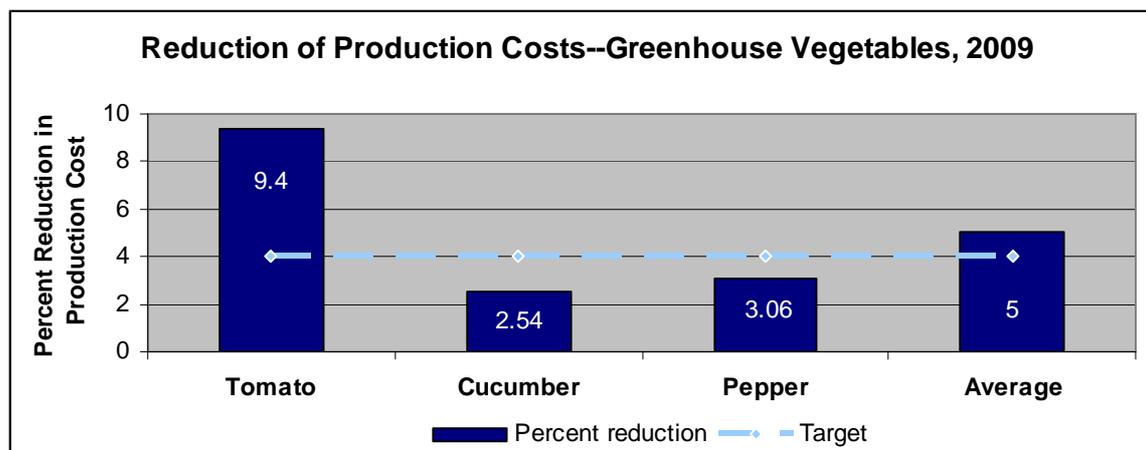
In brief, project interventions resulted in yield increases ranging from 11.3 to 26.2 percent across the three major greenhouse crops (Figure 2), as compared with a target of 10 percent. Of this, cucumbers showed the largest increase with 26 percent, followed by tomatoes and peppers with 15 and eleven percent, respectively. These increases were combined result of: a) efficient use of agro chemicals, b) improved greenhouse management practices, especially with regards to airing and lightning regimes, and c) efficient pest management.

FIGURE 2. CHANGES IN THE YIELD OF GREENHOUSE VEGETABLES, 2009



Meanwhile the impact of project interventions on the reduction of production costs had uneven results. While the target was a reduction of 4 percent, tomato growers were able to reduce their costs by 9.4 percent and pepper producers by 3.06, while cucumber growers only reached a reduction of 2.54 percent. Further analysis of the causes showed that cucumber producers made higher investments in fungicides, which affected their cost structure. Nevertheless, in average greenhouse farmers experienced a 5 percent reduction, consistent with the target of 4 percent.

FIGURE 3. REDUCTION OF PRODUCTION COST OF GREENHOUSE VEGETABLES, 2009



In 2010, project activities will focus on the promotion of production technologies to extend the harvest seasons, reduce production costs and improve quality, recognizing the importance of these factors to increase the competitiveness of the subsector.

EARLY-SEASON WATERMELONS

Early season watermelons are becoming an increasingly conspicuous opportunity for Albanian farmers; this has also favored structural change in the value chain. The first manifestation of change has been the relocation of production clusters, from Southern Saranda to the Divjaka region. This migration has been the result of lower transport costs and proximity to markets. The second expression of this structural change has been a substantial improvement in competitiveness; by having lower costs and being able to enter the market earlier that competing countries Albanian watermelon producers have been gaining ground throughout the Balkans. As shown below, the AAC project has played a key role in the growth of this subsector.

As shown in Table 4, during 2009, the project carried out 21 capacity building activities for watermelon producers, benefiting farmers and traders.

TABLE 4. WORKSHOPS, PRACTICAL TRAINING SESSIONS AND FIELD DAYS ON WATERMELON PRODUCTION TECHNOLOGIES, 2009

DATE	ACTIVITY	NUMBER OF PARTICIPANTS
12/12/2008	Roundtable on Opportunities and Constraints for Watermelon Production and Marketing	17
12/10/2008		37
3/14/2009	Practical training on Advanced Watermelon Production Technologies	12
2/11/2009		20
3/20/2009	Field day on Thermal plastic tunnels	15
4/14/2009		15
3/20/2009		10
4/21/2009		10
3/25/2009		6
4/28/2009		4
4/17/2009		10
4/25/2009	Field day on Grafted Seedlings	10
4/17/2009		7
4/27/2009		6
4/20/2009		8
5/8/2009		6
5/6/2009		13
4/23/2009		Field day on Bee pollination
5/11/2009	8	
6/5/2009	Field Day to Compare Watermelon Varieties	11
6/16/2009		15
TOTAL NUMBER OF PARTICIPANTS		247

In addition to favoring the increase in the efficiency of production at field level, the program also enabled farmer groups to meet the requirements and expectations of stricter markets. Within this context, the program provided an in-kind grant for US\$6,000 to the “Divjaka 07” Association. This grant allowed the association to receive formal training in GlobalGap standards and to establish a Quality Monitoring System to not only comply with the requirements of the European retail industry, but effectively communicate compliance.

This allowed “Divjaka 07” and Bruka Seedling Company to export 100 metric tons of early-season watermelons to ASDA Supermarkets in the UK during the spring and 20 additional metric tons in the late summer, while establishing the foundation for a longer term contract in 2010.

During 2009, the program also evaluated a series of advanced production technologies to further increase the competitiveness of Albanian watermelons. These included the use of commercially-produced grafted seedlings, low thermal plastic tunnels and bee pollination. Box 2 shows the summary findings on the impact of commercially-grafted seedlings.

Box 2

On Commercially-grafted watermelon seedlings

Professor Astrit Balliu, Technical Advisor

Grafted watermelon seedlings provides higher yield, compared to non grafted ones. It is achieved from both, increased fruit number per plant and increased weight (size) of individual fruits. Today, local/regional consumer's preferences are shifting from big size fruits to medium ones. New potential markets are even demanding for small size (personal) watermelons. Consequently, this calls for searching/demonstrating the most appropriate rootstock-scion combinations and/or the most appropriate planting densities providing higher yield based on the increase of fruit numbers per plant without affecting (preferably reducing) fruit size.

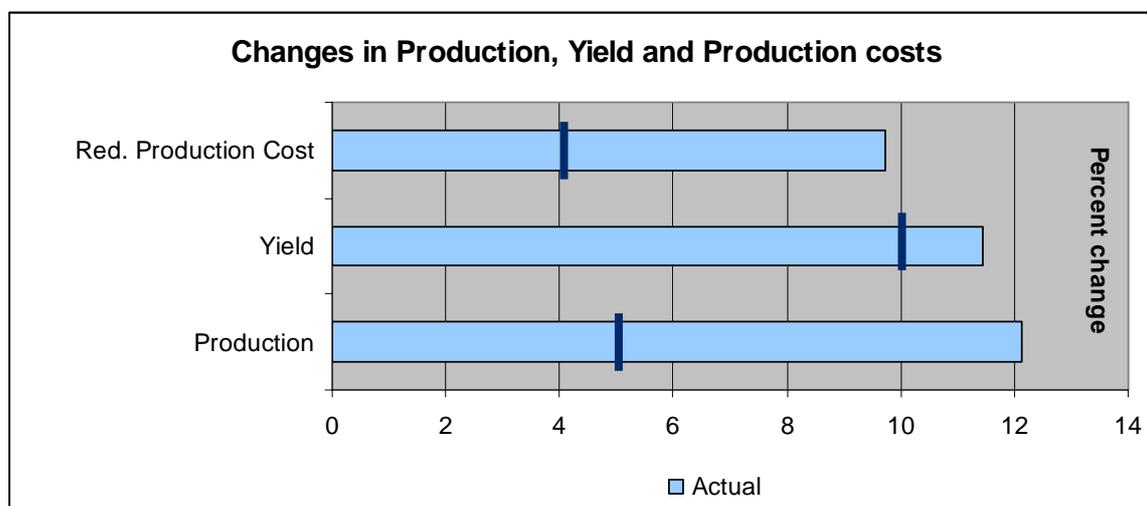
Potentially grafting can positively or negatively affect watermelon fruit quality depending on appropriateness of rootstock-scion combination and growing conditions. This risk is increased in case of farm grafting practices due to lack of uniformity of self produced rootstock seeds.

The role of different rootstock types (*Lagenaria* versus *Cucurbita*) is under estimated in commercial seedling production in Albania. Introducing new type and/or new rootstock cultivars will increase the menu of choices for specific growing/marketing circumstances.

The use of grafted watermelon seedlings is economically justified. Despite much higher cost of commercially grafted seedlings the market revenues and incomes per unit of land area are considerable higher and much more guaranteed.

Impact of project interventions is measured as a function of overall changes in production and yield, as well as in the reduction of production costs. As shown in Figure 2, the project exceeded the targets of these three indicators. Production increased by 12.12 percent, average yields increased by 11.45 percent and average production costs reduced by 9.74 percent.

FIGURE 4. CHANGES IN PRODUCTION, YIELD AND PRODUCTION COST--WATERMELONS, 2009



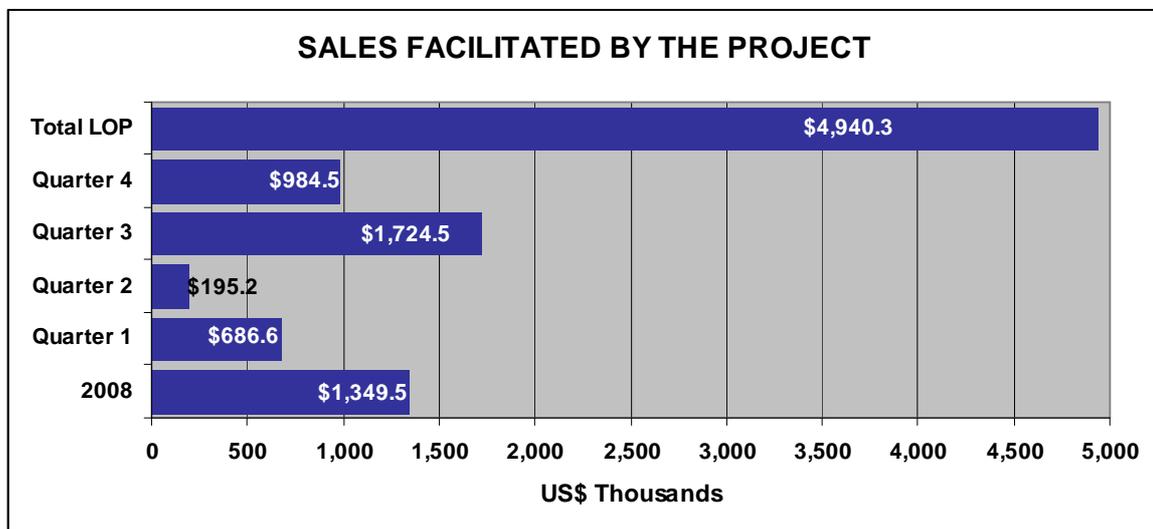
Having laid the foundation for the development of the early-season watermelon value chain, in 2010 the AAC project will focus on strengthening farmers' ability to extend the harvest seasons, both at the beginning of the spring and at the end of the fall.

STRENGTHEN CAPABILITY FOR MARKET DEVELOPMENT

In 2009 the AAC project adopted a new strategic focus, with a strong emphasis in trade facilitation, which resulted in US\$3.59 million in sales¹, the integration of Albanian farmers to the procurement program of the world's largest retailer and the consolidation of deals with regional retail chains. In the area of trade promotion, AAC assisted the development and launching of the new national brand The Taste of Albania, which is being used by progressive traders to identify fruit and vegetables of the highest quality.

The facilitation of production contracts between commercial farmers and processing firms was also an important success, resulting in sales of over US\$0.5 million.

FIGURE 5. PRODUCE SALES FACILITATED BY THE AAC PROJECT; 2008, 2009

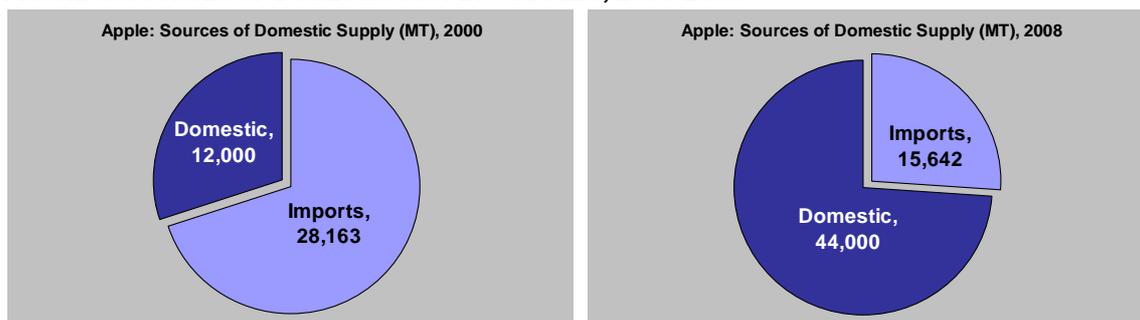


¹ Sales directly facilitated by the project in the period October 2008 – September 2009; verified by AAC's M&E Unit.

TREE CROPS—APPLES AND OLIVES

Project interventions in support of market development were guided by clear strategic objectives, which in the case of apples gave priority to accelerate import substitution. Figure 6 shows the progression in the capture of market share by Albanian producers. While between years 2000 and 2009 the Albanian share of apples dominating the market has gone from 30 to 73 percent, there are relevant issues that need to be addressed to make Albanian apples truly competitive.

FIGURE 6. SOURCES OF DOMESTIC SUPPLY—APPLES, 2000-2008



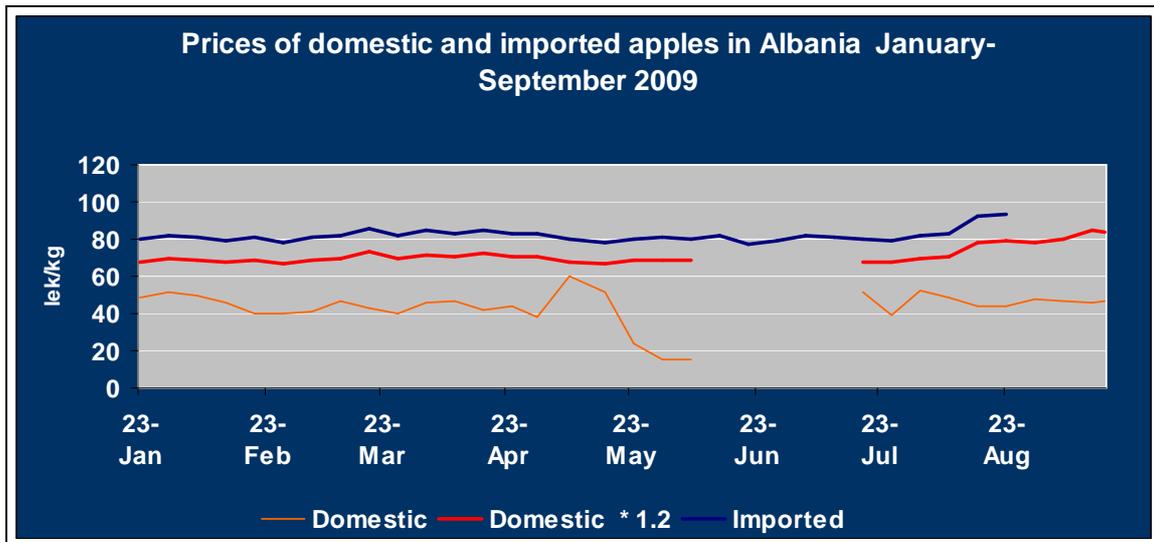
The most relevant of the issues limiting the competitiveness of Albanian apples in the local market is quality. There is the generalized perception among consumers that imported apples are substantially superior to the ones produced in Albania. Several interviews with traders and consumers allowed project staff to become better acquainted with market expectations, which in general referred to uniform grades, absence of blemishes and bruises and proper packaging.

AAC staff worked with farmers, cold storage operators and traders to convey the elements that needed to be taken into account in order to close the price gap between imported and domestic apples, and eventually replace imports.

Contrary to conventional wisdom, the message is being assimilated much slower than anticipated. Farmers' own perception of quality tends to blur the importance of using objective and internationally-recognized quality parameters. This was partially addressed by facilitating the dialogue between cold storage operators and farmers, in which the former explained their quality expectations. Nonetheless, the process is taking longer than initially anticipated.

A clear consequence of these quality differences is the price gap between imported and domestic apples. Figure 7 shows several important phenomena: a) A price gap between imported and domestic apples of 44 percent and b) the volatile nature of prices for local apples, derived from uneven supply. The medium-term objective of the project is to close this gap by improving the quality of domestic apples and assisting cold storage operators to release their produce at a rate that makes market sense, giving rise to a higher and smoother price curve (red in Figure 7).

FIGURE 7. SOURCES OF DOMESTIC SUPPLY—APPLES, 2008



In an attempt to convey this notion to farmers and cold storage operators, the project produced a limited quantity of apple boxes, capitalizing on the brand The Taste of Albania, launched in the summer.

Prices received by farmers who graded their produce were 25 percent above those paid for fruit in bulk, and traders' margin reached as much as 100 percent. Although initially skeptical traders are now open to continue exploring the market for high-quality Albanian apples.

The project will continue seeking for ways in which to convey the importance of grading and packaging to producers, cold storage operators and traders through a series of promotional events.



Program activities in support of the olive subsector focused on: building the capacity of olive processors to improve the quality of their products, reputation of Albanian olive oil and promoting the product in the domestic and regional markets.

In 2009 AAC delivered an advanced training course on Olive Oil Sensory Assessment to seventeen participants representing the Ministry of Agriculture, Food and Consumer Protection and the Albanian Olive Oil Association. This activity was led by Miss Nancy Ash, an internationally recognized authority in olive oil assessment and marketing. During the training course, the participants were introduced to the following:

- Review of olive oil attributes (positive and negative) and their causes
- Update on revisions to International Olive Oil Council (IOC) quality regulations and panel procedures
- Attribute intensity comparisons
- Exploration of bitterness and astringency in olive oil

- How tasters' attitudes affect their assessment scores
- Necessary steps towards becoming an IOC recognized panel
- Tasting exercises with a total of 37 oils

The following are the steps necessary for the recognition—and certification of the Albanian Olive Oil Tasting Panel:

- Selection of panel leader
- Selection of panel members
- Establishment of panel administration
- Continued panel training
- Submission of panel result thresholds to IOC
- Successful completion of IOC exam

During the last quarter of FY09 AAC began working with the Albanian Olive Oil Association to assist them in the development of a strategic and business plan. The latter will necessarily integrate a plan to raise funds as a way to contribute to the financial independence of the organization. While the AAC program is committed to support the development of the Albanian Olive Oil industry, the continuation of the assistance will be conditional on the existence of a clear—industry-led plan.

AAC and the Albanian Olive Oil Association (AOA) hosted the National Olive Oil Competition, with the participation of twenty two companies. The process was closely monitored by AAC and members of the board of the association as a way to ensure its integrity. The process ended with an award ceremony led by Ms. Valentina Postoli, President of the AOA, Mr. Ndoc Fasllia, Deputy Minister of Agriculture and Mr. John Brannaman, Program Officer for USAID/Albania. The event was attended by over eight hundred people and was widely covered by thirteen media outlets, including five television channels.

TABLE 5. WINNERS OF THE 2009 NATIONAL OLIVE OIL COMPETITION

First Prize	Shkalla sh.p.k.
Second Prize	ERMV sh.p.k Company
Third Prize	IVAP sh.p.k Company
Third Prize	Lukova Jone sh.p.k
Third Prize	Skile sh.p.k.
Third Prize	Tre Miqte sh.p.k

The AAC program also co-sponsored the National Olive Oil Day, in collaboration with USAID's Local Governance Program for Albania (LGPA), the AOA and the Antique Association. The event took place at the Apollonia Archeological Site on May 30 and it gave visitors the opportunity to sample and buy extra virgin olive oils from twelve companies, as well as fresh vegetables from AAC clients. The

event was inaugurated by Miss Roberta Mahoney, USAID Mission Director for Albania.

In the last quarter of 2009, the project promoted the participation of Albanian olive oil producers in 3 domestic trade shows, including the Tirana International Agriculture Trade Show, organized by the Albanian Agribusiness Council (KASH).

GREENHOUSE VEGETABLES

During 2009, the project facilitated sales of 2,825 metric tons of greenhouse vegetables, valued at US\$1.464 million. Out of this volume, 71 percent was destined to the local market and 29 percent was exported to the Balkan region.

The new program focus on trade facilitation resulted in significant benefits for AAC clients. Sales of greenhouse vegetables directly facilitated by the program surpassed US\$121,000 in the last quarter alone².

TABLE 6. SALES OF GREENHOUSE VEGETABLES FACILITATED BY THE PROJECT, 2009

CROP	VOLUME (MT)	VALUE US\$
Tomato	2,026	1,090,568
Pepper	127	89,683
Eggplant	44	13,296
Cucumber	535	186,856
Melon	93	83,335
TOTAL	2,825	1,463,738

In the promotional front, the program co-sponsored the Balkan Modus Nutriendi International Food Show, which took place in Tirana on May 8-10. The highlight of the event was the launching of The Taste of Albania as the new national brand for high-quality fruit and vegetables. The food show hosted over three thousand visitors who were introduced to a unique array of fresh agricultural products in an effort spearheaded by AAC clients.

AAC co-sponsored two agribusiness fairs organized by the Albanian Agribusiness Council (KASH). During these events in Berat and Fier, farmers and traders promoted their products, which were markedly superior to those presented by non-clients.

Project clients also participated in Sofra Illire, a tourism and trade show that took place on May 30 at the Apollonia archeological site. The activity brought together representatives of fifteen AAC client organizations which exhibited and sold their products.

² This figure does not account for over half million U.S. Dollars worth of tomatoes and peppers sold to the processing industry. This exclusion derives from the fact that the produce destined to the processing industry is not grown in greenhouses

In the last quarter of 2009, AAC clients also participated in the Tirana International Agriculture Trade Fair on September 24-27, 2009.

In an effort to build the reputation of Albanian produce, in May 2009 the project launched the Taste of Albania, a national brand aimed to identify Albanian produce of the highest quality.

The brand is increasingly being recognized by the retail industry and it is now present in up-scale supermarkets throughout Albania. Vegetable exports under this brand began in September 2009, mainly to Kosovo and Montenegro.

EARLY-SEASON WATERMELONS

In an unprecedented effort toward entering one of the strictest markets, the AAC program supported the Divjaka 07 Association and Bruka Seedling Company to engage in a trade relationship with ASDA Supermarkets, the British subsidiary of Wal-Mart, the world's largest food retailer.

This effort involved the provision of technical assistance, in the selection of the variety in 2008, mentoring and training in GlobalGap standards, mentoring in quality control, packaging design and trade logistics.

"I would say it is groundbreaking achievement, which puts Albania on the map with a view to long-term business development opportunities for the benefit of both the ASDA customer and the Albanian grower[...]I share the success with you and I recognize that it would not have been possible without USAID support and assistance in Albania. "

Robert Naudzius
ASDA Source Development Manager

As of the date of submission of this report Bruka Seedling had exported 100 metric tons of early-season watermelons, followed by an additional 20 metric tons in the late summer, with positive prospects for a long-term contract.

In addition to the sales to ASDA Supermarkets, AAC also facilitated sales to other buyers from the Balkan region as a result of the trade mission to Fruit Logistica, in February 2009. Biti & MO, Bruka Seedlings Company and a farmer group from Dobrac village sold to fifteen new buyers from Croatia, Serbia, Bosnia, Macedonia, Montenegro and the Czech Republic. Watermelon sales directly facilitated by the project totaled 4,614 metric tons, worth US\$1.25 million (Table 7).

TABLE 7. SALES OF WATERMELONS FACILITATED BY THE PROJECT, 2009

MARKET	VOLUME (MT)	VALUE US\$
Domestic	1,055	237,898
Export	3,559	1,013,144
TOTAL	4,614	1,251,042

The project also established contact with JOTAGRIS, a company supplying retail chains in Lithuania, Latvia and Estonia. With assistance from the project, AgroKoni sent a trial shipment of 22 metric tons worth US\$13,600 (CIF), which received the compliments of the buyer. The company is currently in conversations with its new Albanian supplier to establish a supply program in upcoming season.

Regarding watermelon inputs, AAC facilitated a market contact between a group of farmers in Kosovo and Bruka Seedling Company. The latter was able to sell an initial 150,000 grafted seedlings. This was the result of a field day hosted by AAC for a group of importers from Kosovo, during which they were introduced to Bruka Seedling Company.

In mid September representatives from ASDA Supermarkets returned to Albania to procure late-season watermelons from Divjaka.

During their visit, the ASDA representatives spent two days in Divjaka training the staff at Bruka Seedling Co. They also met with professors from Tirana Agricultural University to discuss their findings and to seek their advice to make adjustments to the quality systems.

The Quality Systems Manager recognized the improvements recently made by Albanian producers and reiterated the commitment of their company to continue including them in their procurement programs. He underscored *“the farmers from Divjaka and the quality control team at Bruka Seedling are working hard to meet our expectations, and so far they are succeeding”*.

Similarly, the last week of September 2009, the project organized the Forum Developing Markets for Albanian Agricultural Products. The event was opened by USAID’s Mission Director to Albania and the Minister of Agriculture, Food and Consumer Protection, Dr. Genc Ruli. The Forum incorporated presentations on market prospects for strategic crops, a presentation by MERCATOR, a Slovenian supermarket chain with over 2,000 outlets and a productive panel discussion by representatives of Euromax, another major player in food retail in Albania, as well as representatives of USAID’s projects in Macedonia and Kosovo.

The participation of MERCATOR called the attention of the national media, based on the fact that the company is about to open its first outlet in Albania and since the beginning approached the AAC program requesting assistance to procure domestic produce.

One of the most relevant successes in the second part of the year was the facilitation of production contracts between an input supplier, commercial farmers and processing firms. This is important in the context of a relatively weak institutional framework, inefficient contract enforcement mechanisms and reliance

in spot transactions. Against the odds, AAC staff facilitated 5 production contracts for pepper and tomatoes resulting in over half million U.S. dollars.

TABLE 8. PRODUCTION CONTRACTS FOR THE PROCESSING INDUSTRY

Buyer	Tomatoes		Peppers		US\$ Equivalent
	Volume (mt)	Value ALL	Volume (mt)	Value ALL	
Sejega			300	9,000,000	97,826
Fani Food	200	2,100,000			22,826
Kampion Shpk.			100	2,500,000	27,174
Sidney Shpk.	400	4,600,000	1,000	30,000,000	376,087
TOTAL	600	6,700,000	1,400	41,500,000	523,913

This achievement was possible due to the following factors:

- The selection of forward-looking entrepreneurs
- Product specificity, consistent in the selection of pepper and tomato varieties specifically bred for the processing industry, thereby reducing the risk of leakages into the fresh market
- The promotion of coordination among the seedling supplier, commercial farmers and the processing firms

This activity has set the basis for future contract farming, with direct effect in the reduction of uncertainty at both ends of the value chains. This is relevant because until recently farmers were uncertain about market prospects, making of tomato and pepper production risky activities, while at the other end of the spectrum, processing firms were unable to plan production in the midst of supply uncertainty, thereby leading to unorganized production, weak markets and reliance on imports.

Two years after its launching, the AAC program has made a substantial contribution to the development of the agricultural markets. However, there are still several challenges keeping the sector from growing at a faster pace. These challenges include:

- Lack of recognition of the importance of relationships over arms-length business transactions
 - Unwillingness of investing in long-term production programs
- Difficulty adopting a culture of quality as “a key element of success” and a source of national pride
- Poor investments in marketing tools, such as differentiation through packaging and branding

The AAC program continues to address these issues by enabling farmers and traders to perceive and respond to market incentives, making them receptive to market signals and building their capacity to harness the true potential of market forces.

INCREASE ACCESS TO AND USE OF TIMELY AND RELIABLE MARKET INFORMATION

The launching of the market information system took longer than anticipated. However, it was put into operation on January 23, 2009 and officially launched by the USAID Mission Director and the Minister of Agriculture, Food and Consumer Protection in a special ceremony On January 30.

As of September 2009, SITA (Market Information for Trade and Agribusiness, by its Albanian acronym) had expanded its coverage from five to eleven commodities, in response to USAID's approval for the expansion of the number of value chains to be covered after year two. The daily reports, previously produced five days per week are now also covering Saturdays and Sundays, which will allow for a more effective identification and analysis of price patterns. The SITA system is now a fully functional, robust and accurate tool for agribusiness entrepreneurs. In 2010 the program will further expand its coverage to 22 commodities and also to retail markets, while launching an aggressive media campaign to promote the use of the SMS component.

The monthly market briefs have also been improved by integrating analyses of regional market trends. This has been well-received by AAC clients, who are now better informed about the relative competitiveness of their products throughout the region.

As a way to strengthen the capacity of strategic partners in the area of market information, AAC funded the upgrade of the GreenMarket Albania website. The new web platform is linked to SITA, allowing for the automatic upload of price data and market reports. The new website is now fully operational and is being promoted through several media.

This was complemented by the provision of support to GreenMarket's weekly television program, which now integrates a market analysis section based on AAC's input and teletext with market prices in the main wholesale markets around the country. Starting on November 2009, the GreenMarket television program will be transferred to Top News and will continue including a segment on market analysis.

Besides using email, television and SMS, AAC installed market information boards in strategic locations, including the wholesale markets of Tirana, Fier, Korca, Lushnje and Divjaka, as well as in the Commune of Xarra, where AAC has a trade facilitation office. These information boards are updated on daily basis and present daily market prices, weekly market trends and monthly market analyses.

A recent addition to the means of dissemination of market information was the KASH Newspaper, in which the project produces two pages of market prices, trend analyses and discussion on specific production and marketing topics. These articles are printed every two weeks.

In order to provide analysts, policymakers and traders with elements of judgment for decision making, price trends need to be complemented by data on trade volumes. Based on this notion, AAC carried out a trader survey in the Tirana Wholesale market. The survey allowed end users to gain insight about volumes of each commodity traded in the market, as well as seasonal consumption patterns and regional trade flows. The survey was administered in collaboration with the Tirana Wholesale Traders Association.

The data are currently being analyzed; however preliminary results indicate that in 2009, 204 fruit and vegetable wholesalers from the Tirana Wholesale Market sold over 230,000 metric tons of produce worth US\$122 million. This underscores the importance of the Tirana Wholesale Market as clearinghouse for a large portion of the country's food supply. Based on this, the project is currently in the process of establishing a trade facilitation office to increase the impact of the market information system by facilitating sales transactions between farmer groups and wholesalers.



GreenMarket website SITA, AAC's displaying Market Information System



TABLE 9. MIS PERFORMANCE ANALYSIS

ATTRIBUTES	FACTORS	UNITS OF MEASURE	PERFORMANCE COEFFICIENTS	IMPROVEMENT INITIATIVES
TIMELINESS	Timely distribution of outputs	<i>Deviations from the 10:00 self-imposed benchmark</i>	80%	93.24
		<i>No. of hours with SMS off-line</i>	[14/4920] 99.72%	
		<i>No. of days without reports</i>	[0] 100%	
RELIABILITY	Data Accuracy	<i>Ratio of errors to datapoints (ex-post analysis)</i>	99.30%	<i>Outlier filter Spot checks</i>
	Accessibility	<i>Means of dissemination providing clients with access to MI</i> <i>Email SMS GreenMarket Website 6 Market Information Points Kash Newspaper</i>		
	Validity	<i>Extent to which prices reported represent reliable indicators of true market trends</i>		<i>Trader surveys to complement datasets and improve interpretation</i>
SUSTAINABILITY	Institutional	<i>Identification and selection of an organization with the capacity and vision to adopt the system</i>		<i>Exploration of alternative models</i>
	Financial	<i>A business plan with or without external financial support, depending on the model</i>		

CROSS-CUTTING ACTIVITIES

GRANTS

Despite the fact that the grants program had a slow start, the support provided to other project activities has been exemplary. As of the end of the reporting period, there were three active grants

TABLE 10. ACTIVE GRANTS

GRANTEE	PURPOSE	COMMITTED AMOUNT
Divjaka 2007 Farmer's group	Preparation for GlobalGap certification	\$6,000.00
Greenmarket	Market Information Dissemination	\$16,900.00 ³
Bruka Seedling	Packaging Material and Transport Costs	\$18,320.00 ⁴

These grants were instrumental to enable farmers from “Divjaka 07” to meet GlobalGap standards; reducing the risk exposure of Bruka Seedling to break into the EU produce market and assisting GreenMarket to play a leading role in the provision of market information.

AAC will continue with the strategic application of grants to solve specific issues constraining the growth of the value chains. Table 11 presents some examples of grants being considered for 2009.

TABLE 11. GRANT PROPOSAL UNDER CONSIDERATION FOR 2010

PURPOSE	ESTIMATED VALUE OF THE GRANT
Vegetable grading facility	US\$20,000.00
Introduction of new Packaging Materials	US\$20,000.00
Risk mitigation for F&V processing facility	US\$10,000.00
Risk mitigation for apple storage	US\$10,000.00

POLICY

With the arrival of a new economist and the emergence of topics of relevance within the context of agriculture competitiveness, the project is progressively engaging in the policy dialogue. Examples include:

³ Currently processing a reduction in the ceiling of the grant

⁴ Amount disbursed was below the approved grant ceiling

- The Olive Technical Roundtable with representatives of the oil industry and olive experts in the month of June organized by AAC to discuss about the prospects of super-high density olive production and policy implications. This resulted in a presentation by Dr. Dimiter Panajoti to the Olive Subsidy Task Force
- Publications on the competitiveness of apple production in Albania, through the KASH newspaper
- The Forum on Market Prospects for Albanian Agricultural Products of September 25, with the participation of the Ministry of Agriculture, Food and Consumer Protection and over 140 participants
- The Olive production survey currently in process. The survey will provide data on production costs at different technology levels, proportion of marketable output, profitability and overall efficiency of the production process. This will constitute input for the Workshop on Strategic Priorities of the Olive Subsector, an event organized by the AAC project, in collaboration with the Ministry of Agriculture, Food and Consumer Protection and the Albanian Olive Oil Association for October 6, 2009.

The project will continue to contribute to the policy dialogue by providing unbiased scientifically-based input on policy issues of relevance for the agriculture sector.

COLLABORATION WITH THE ALBANIAN GOVERNMENT

On January 30, 2009 the AAC project and The Ministry of Agriculture, Food and Consumer Protection signed a memorandum of understanding setting the basis for future collaboration. The event was presided by the Minister of Agriculture, Food and Consumer Protection, Mr. Jemin Gjana and the USAID Mission Director, Ms. Roberta Mahoney. The event coincided with the launching of SITA, AAC's Market Information System.

The memorandum of understanding lists specific topics in which the Ministry of Agriculture and the AAC program will collaborate to promote changes in agriculture production, market development and market information systems.

Derived from this memorandum of understanding the AAC Chief of Party and the Director of Science and Extension signed an addendum to the memorandum, which lists specific activities in the area of agriculture research. This addendum gave rise to the establishment of a 0.5 hectare demonstration olive orchard, using the super-high density model. Similarly, the project assisted the Lushnja Technology Transfer Center in the organization of a regional research conference in May 2009.

COLLABORATION WITH THE AGRICULTURAL UNIVERSITY OF TIRANA

In the second week of June, 2009, AAC's Chief of Party and Professor Bahri Musabelliu, Dean of the Faculty of Economics and Agribusiness Agricultural University of Tirana formalized the collaboration between both organizations through a memorandum of understanding facilitated by Professor Catherina Chang-Haldebrant.

The memorandum of understanding gave rise to the participation of Masters' students in Agribusiness in AAC activities, giving them opportunity to gain practical experience. Similarly, professors and lecturers from the university also have the opportunity to engage in activities related to market research and economic analysis under the auspices of the project.

As of the end of this reporting period, the project had engaged 15 Master's students and 3 lecturers in several field activities, accumulating over 200 person/days.

YOUTH ENTREPRENEURSHIP PROGRAM

One of the factors constraining the development of the agricultural sector in Albania is the lack of interest in farming and agribusiness on the part of young people and their tendency to leave rural areas in search of urban lifestyles. As a result, the farming sector is managed by an older generation that has difficulty in embracing new business concepts and information technologies.

In response to this challenge, in March 2009, the AAC program launched RASTI (Young Agribusiness Entrepreneurs Network, for its acronym in Albanian language). This initiative responded to the conspicuous need to introduce new approaches to agribusiness by building the capacity of young men and women to engage in commercial agriculture.

The program is aimed to assist farm children and first-year university students to conduct market research, identify business opportunities and structure business ideas into bankable business plans.

RASTI is composed of 160 hours of training in market information systems, entrepreneurship and business planning. An innovation introduced by the program is the use of existing internet networking tools, in this case Facebook, which facilitated the interaction among the group, while stimulating a sense of belonging.

The first group composed by forty two participants concluded the training in Lushnja on June 2009. The second phase of the training program will take place in Korca at the end of 2009.

MEDIA COVERAGE

Considering the importance of media coverage to communicate the successes of the project in supporting Albanian agriculture, as well as to convey the contribution of the American People, through USAID, the project has made a concerted effort to feed news to the media and to secure proper coverage. Table 12 presents a summary of media coverage for the reporting period.

TABLE 12. MEDIA COVERAGE DURING FY2009

QUARTER	NEWSPAPER REPORTS	TELEVISION REPORTS	MAGAZINE REFERENCES	MAGAZINE INTERVIEWS	OTHER ⁵
1/2009		5			
2/2009	3	2			
3/2009	4	4	3	1	6
4/2009	6	6	2	2	2
TOTAL	13	17	5	3	8

PROJECT MANAGEMENT

The project has undergone extensive changes in the last fiscal year both in terms of human resources and strategic focus. In the Tirana office 6 members of staff were replaced, a position was eliminated and three new professionals were brought on board as a way to better respond to the challenges posed by a more aggressive approach towards the development of commercial agriculture.

The project opened a small office in Xarra, Saranda and hired a new Outreach Specialist based in Shkodra. Project management is currently assessing the performance of field staff with a new scope of work geared towards trade facilitation. Tables 13-16 present the current structure of the Project Team.

TABLE 13. PROJECT TEAM TIRANA OFFICE

Juan Estrada-Valle CHIEF OF PARTY	Javier Mendez-Ruiz MARKETING SPECIALIST	Merita Janushi DIRECTOR OF OPERATIONS
Sabah Sena ASSOCIATION SPECIALIST	Denalda Kuzumi MIS MANAGER	Mimoza Agolli SENIOR ECONOMIST
Donata Kane BUSINESS SUPPORT SERVICES / GRANTS MGR.	Dorina Nikolla M&E SPECIALIST	Eva Pano PROJECT ACCOUNTANT
Juna Dafa MIS ASSISTANT	Ornela Gjika ADMINISTRATIVE ASSISTANT	Kujtim Kertalli DRIVER
Artur Haxhi DRIVER		

TABLE 14. PROJECT TEAM LUSHNJA OFFICE

Piro Rapushi MARKET SPECIALIST MANAGER	LINKAGES OFFICE	Majlinda Qorri M&E SPECIALIST	Josif Liko OUTREACH SPECIALIST
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⁵ Include web references and newspaper articles

Luto Goga OUTREACH SPECIALIST	Kostandin Koco OUTREACH SPECIALIST (SARANDA)	Vangjel Tanku DRIVER
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TABLE 15. PROJECT TEAM KORCA OFFICE

Lefter Turtulli REGIONAL MANAGER	Monika Thimo M&E SPECIALIST	Mehmet Pupa OUTREACH SPECIALIST
Pellumb Tuxhari OUTREACH SPECIALIST	Shpetim Goxhaj DRIVER	

TABLE 16. SHKODRA

Valentin Gocaj OUTREACH SPECIALIST
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APPENDIX I

PERFORMANCE INDICATORS

Indicator	Target 2008	Actual 2008	Target 2009	Actual 2009
1.1. Percent change in production of targeted agricultural products^[1]				
-Tomato	+2%	+6.7%	+5%	+17.8%
- Cucumber	+2%	+7.6%	+5%	+34.65 %
-Pepper	+2%	+11.9%	+5%	+70.89%
-Watermelon	+2%	-14.2%	+5%	+12.12%
-Apple	+2%	+30%	+5%	<i>Data available in Feb 2010</i>
Average [4 crops]				33.9

1.2. Percent change in domestic sales of targeted agricultural products				
-Tomato	+5%	-6.7%	+10%	-13.19%
- Cucumber	+5%	-22.3%	+10%	+9.97 %
-Pepper	+5%	-1.9%	+10%	+32.0%
-Watermelon	+5%	+48%	+10%	+78.08%
-Apple	+5%	+15%	+10%	<i>Data available in Feb 2010</i>
Average [4 crops]				26.7

Indicator	Target 2008	Actual 2008	Target 2009	Actual 2009
1.3. Percent change in export sales of targeted agricultural products				
-Tomato	+2%	n/a	+5%	n/a
-Watermelon	+2%	n/a	+5%	n/a
- Apple	+2%	n/a	5%	n/a
1.4. Number of rural households whose income have increased	250		350	127
1.5. Change in non-farm jobs (input supply, processing, consolidators, banking)	20	30	35	80
1.6. Annual per household income from sales of targeted products^[2]	+5%	+10.2%	+9%	+28%

Indicator	Target 2008	Actual 2008	Target 2009	Actual 2009
1.7. Yields of targeted products per hectare				
-Tomato	+6%	+3.4%	+10%	+15.02%
- Cucumber	+6%	+16.1%	+10%	+26.22%
-Pepper	+6%	+11.9%	+10%	+11.31%
-Watermelon	+6%	+7.3%	+10%	+11.45%
- Apple	+5%	+15%	+10%	<i>Data available in Feb 2010</i>
Average [4 crops]				16.0

1.8. Production cost per unit of output				
-Tomato	-2%	-8.0%	-4%	-9.4%
- Cucumber	-2%	-5.2%	-4%	-2.54%
-Pepper	-2%	-1.2%	-4%	-3.06%
-Watermelon	-3%	-9.7%	-4%	-9.74%
-Apple	-2%	-24%	-4%	<i>Data available in Feb 2010</i>
				-6.2

[1] Apple is not included in this measurement because production, harvesting and sales seasons do not correspond with the fiscal year. The Impact Survey for apple will be carried out in February 2009 to capture the full impact on production and sales. This figure comprises values for tomatoes, cucumbers, peppers, and watermelon.

[2] The figure reported here reflects only the annual household income for greenhouse and watermelon producers. Apple producers are not included in this calculation.

Indicator		Actual FY 2008	Q ₁ FY 2009	Q ₂ FY 2009	Q ₃ FY 2009	Q ₄ FY 2009	Absolute FY 2009	Actual FY 2009	Target FY 09	Performance FY 09
Enabling environment										
2.1	Number of public and private institutions undertaking capacity/competency strengthening	16	0	3	2	4	9	25	5	+20
2.2	Number of individuals who have received short-term agricultural enabling environment training	153	16	58	41	0	115	268	30	+238
2.3	Number of policy reforms implemented	1	0	0	0	0	0	1	3	-2
2.4	Number of producers/processors who have received credit	57	2	10	10	24	46	149	50	+99
2.6	Number of producers and traders trained in the use of market information for strategic planning, farm management and business decision making	31	0	51	0	45	96	127	100	+27

		Actual FY	Q ₁ FY	Q ₂ FY	Q ₃ FY	Q ₄ FY	Absolut e FY	Actual FY	Target	Performance
Agricultural Productivity										
3.1	Number of additional hectares under improved technologies or management practices	208.6	26.3	15.2	111.6	55.32	208.42	417.02	193	+224.02
3.2	Number of producer organizations, trade and business associations assisted	17	0	2	5	10	17	34	35	-1
3.3	Number of individuals who have received short-term agricultural productivity training	505	25	156	85	34	300	805	350	+455
3.4	Number of agriculture-related firms benefitting directly from AAC assistance	11	5	3	7	10	25	36	25	+11
3.5	Number of new markets identified (geographical areas, new products and new buyers)	11	11	6	22	4	43	54	30	+24
3.6	Number of transactions completed (contracts signed and/or repeated sales)	358	159	33	939	336	1467	1825	50	+1775
3.7	Numbers of farmers/firms applying new environmental sound technologies that enhance productivity, production, quality	144	0	4	41	9	54	198	400	-202
3.8	Number of additional functioning post-harvest handling facilities in country	6	2	2	3	2	9	15	8	+7