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Horticulture Promotion in Kosovo (HPK) Helvetas Swiss Intercooperation (HSI) Component

End of Phase Report January 2010 – December 2012

Pristina, 20th of June 2013



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List of Abbreviations

AR	Annual report
BIC	Business Idea Competition
CABI	Centre for Agricultural Bioscience International
CFH	Competitive Fund for Horticulture
CNFA	US based NGO; originally the Citizens Network for Foreign Affairs
GIZ	Deutsche Gesellschaft fuer internationale Zusammenarbeit
GoK	Government of Kosovo
HPK	Horticulture Promotion in Kosovo
HSI	HELVETAS Swiss Intercooperation
HSIK	HELVETAS Swiss Intercooperation Kosovo
IAMB	Mediterranean agronomic Institute Bari
IP	Integrated Production
IR	Intervention Report
KIA	Kosovo Institute for Agriculture
KPEP	Kosovo Private Enterprise Project; USAID project, finished most activities in 2012
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MEST/Danida	Ministry of Education, Science and Technology/Danida program in agro VET schools
MFA DK	Ministry of Foreign affairs Denmark
NADEL	Centre for Development and Cooperation of Swiss Federal Institute of Technology
NOA	New Opportunities in Agriculture; US-AID project by Tetra Tech/ARD 2012-15
NWFP	Non Wood Forest Products
ProDoc	Project Document
SCO K	Swiss Cooperation Coordination Office Kosovo
SDC	Swiss Development Cooperation
VET	Vocational Education and Training
YEP	Young Entrepreneurship Programme; US-AID project
YPO	Yearly Plan of Operation

1 Basic Information

Country/Region: Kosovo		Name of project/programme: Horticulture Promotion in Kosovo (HPK) SDC No SAP: 7F – 01204.05.01	
Main objective of the project/programme:			
Goal	The horticulture agribusiness sector generates sustainable and broad-based employment and income for its actors and contributes to economic growth		
Project purpose	Key value chains are competitive and sustainable and are underpinned by an effectively organised sector based on wide representation.		
Start of project: 2001		Scheduled duration: 2012	
Start of the current phase: 01.01.2010		End of the current phase: 31.12.2012	
SDC budget in Swiss Francs for the current phase: 5'870'411 Accumulated SDC Budget in Swiss Francs of previous phases 2001 -2009): 13'495'000 Information on partners and/or other donors contribution (calculated in Swiss Francs): HPK is co-funded since 2008 by SDC and the Ministry of Foreign Affairs, Denmark (MFA DK) SDC CHF 2'726'411; MFA DK D Kr 19'147'565 (= approx. CHF 3'144'000)			
Implementing organisations: HELVETAS Swiss Intercooperation			
Main National Partners: <ul style="list-style-type: none"> • Private market actors: Input providers, producers, processors, traders/retailers; ETC. CC. • Producer associations, consultants & advisers • MAFRD • University of Pristina 		Main International Partners: <ul style="list-style-type: none"> • Tetra Tech/ARD,USA, (subcontract NOA USAID program) • YEP (Young Entrepreneurship Programme - USAID) • MEST/Danida (also supported by MFA DK) • KPEP Kosovo Private Enterprise Project - USAID • GiZ through numerous rural development projects • NADEL (Impact Study) • CABI (Switzerland) – support to Integrated Production • CNFA – US-based NGO short term volunteer experts • IAMB (Bari) – support to KIA and organic production 	
Main sources of information for End of Phase Report (<i>see also list in annex 2</i>) <ul style="list-style-type: none"> • <i>Intervention Reports – HPK (8 reports)</i> HPK Staff, (July to December 2012) • <i>HPK Project Review - Aggregation and its Effects on Kosovo's Fresh Fruit and Vegetable Market System;</i> Marshall A. Bear (November 2012) • <i>Horticulture Promotion in Kosovo - Highlights of Impact Assessment 2010 – 2012;</i> Hans Rudolf Felber, Edvin Kotherja, Stuart Pettigrew and Hamit Qeriqi (February 2013) • <i>Trade Balance Report 2007 – 2011;</i> Edvin Kotherja and Heini Conrad (September 2012) • <i>Videos: 1) Creating income and employment in the Horticultural Sector in Kosovo; 2) HPK: Highlights of 12 years of project work: In Albania, Serbian and English</i> • <i>HPK Annual Reports 2010, 2011 and 2012;</i> Submitted annually to SDC & Danida • <i>HPK Phase V Project Document;</i> prepared in 2009 			
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2 Background

The Horticulture Promotion in Kosovo (HPK) program ended with its Phase V in December 2012. Twelve years of support to first rehabilitate the sector in post-conflict time and then improve the competitiveness of Kosovo's Horticulture market system. The HPK program can be divided into 5 separate but related phases:

- Phases I & II (2001 – 2006): Focused on improving Kosovo's agriculture production base immediately post conflict and beyond: testing new varieties and practices, demonstration and pilot plots, development of nurseries and working with selected partners – farmers and their associations -- with direct interventions, and low cost service delivery by the project for its partners.
- Phase III & IV (2007 – 2009): Focused on selected sub sectors still with a strong supply side orientation on improving crop yields but also addressing demand side aspects of the FFV market. Interventions began to target improvements in the sector's organization and long term growth strategies in collaboration with the newly established government bodies. In 2008, the Danish Foreign ministry joined HPK, allowing it to expand outreach with considerable funds set aside for competitive grant funding with existing/new partners.
- Phase V (2010 – 2012): has changed to the M4P approach working towards a better match demand and supply when Horticulture market saw the arrival of modern supermarket chains and the emergence of a stronger food processing industry. HPK's interventions have focused on filling the largely missing system function of aggregation by creating – through co-investments and technical support -- both farmer and trader led centres to collect, store, grade, package and deliver horticulture products to different buyers destined for the fresh and/or processed food markets both local and for export.

This end of phase report is focusing only on phase V which build much on the experiences and learning of earlier phases.

3 Outcomes Achieved

In the Project Document (ProDoc) for the phase the Logical Framework (Logframe) was developed with one single outcome, and four outputs. When drafting the monitoring system in February 2010 it was suggested to re-allocate the order of outcomes, outputs and activities. This was confirmed in the review of the YPO 2010 and resulted in a revised hierarchy. The initial only outcome was qualified as *project purpose* and the four key outputs to be raised up to the *outcome level*. Our reporting is referring to this revised hierarchy.

3.1 Project goal (purpose) achievements

In order to capture the project's achievements on sector outcome level HPK has undertaken two studies; in November 2012 the external project review by Marshall Bear which analyses the project effects on the horticulture market system; and from 2010 to 2012 three surveys have been carried out to survey the project's impact. The detailed reports are available and have been shared, and also reported in the Annual reports.

HPK's goal was: *"The horticulture agribusiness sector generates **sustainable and broad-based employment and income** for its actors and contributes to economic growth"*.

The external review by Bear focused on systemic changes defining areas in which improvements in the market match between demand and supply can be observed. This was found to be the most appropriate method to capture how much HPK did contribute to **sustainable systemic outcomes**. *"Since there was no organized form of market organization prior to HPK's interventions it can be logically assumed that changes can be attributed to the project's interventions."*¹ In five out of seven areas investigated, namely: lowering transaction cost; better information flows; faster adoption of know-how; formalization of business practices; financing cash flow gaps in trading; rightsizing investments and upgrading quality **strong evidence of systemic changes triggered by the project** were confirmed. The areas of formal business management and upgrading quality did not yet show much uptake of change. Bear concludes: *"These past 12 years HPK with SDC and Danish*

¹ M. Bear; *Aggregation and its Effects on Kosovo's Fresh Fruit and Vegetable Market System*; page 8

Government support have made **significant contribution to a better functioning Fresh Fruit and Vegetable market**; its prior work in agriculture production was a major factor in being able to demonstrate viable business models in aggregation in the short period of three growing seasons.¹²

Employment and Income: Trying to capture employment and income effects of a project on a sector level is a very difficult and challenging exercise. HPK project did not conduct baseline survey in 2001 neither were impact assessments carried out in the first four phases. Nevertheless the results of the 'Impact Study 2010-2012'y provides evidence that HPK did produce positive effects on employment and income. As more sector actors switched to viable models of modern commercial agriculture and agribusiness in the horticulture value chain, **employment has increased** on all levels of primary production (nurseries, farming), processing and trading. Data from the impact survey also show that horticulture is a sector with high women employment (varying between 30 to 50%³); occupies youth (20 to 50%) and employs minorities (up to 20%). More detailed employment data are given in the following chapter 2.2.1.

Observations on the increased dynamic in horticulture -with new investments and new actors coming into the sector- shows that there is evidence that **income has increased**. This is supported by the results of the impact survey where producers (direct beneficiaries) did report higher incomes (by 19%) over the past 3 years, and compared with the group of non-direct beneficiaries their income is higher. Turnover in nurseries, processing and trading have increased considerably, some even doubling over the period, and it can be assumed that their income has increased similarly.

3.2 Key Indicators

The key indicators mentioned in the Phase Document under the purpose (or sector outcome) level (see Pt.3) are:

- Number of full time **jobs created** in production and ancillary services increases by 5,000
- **Trade gap** (absolute value of imports minus absolute value of exports) in key value chains decreased by 10%
- Adopted packages of **technologies** made possible a decrease of the unit cost of production by 20%
- Proven packages of **technologies** are scaled up to 20% of production area for each key value chain by 2012 and are showing signs of exponential growth

3.2.1 Jobs created

Gathering accurate data on employment is difficult due to the largely informal nature of agriculture (in particular, production). However, the impact study and other data collected through project activities give us some useful insight on employment effects.

Production (Farming): Employment per producer family averaged around 1,200 days, or 6 fulltime job equivalents. HPK worked directly with approximately 500 producers in 2012, this represents the equivalent of around 3,000 full time jobs. **Processing/Trading:** Information provided by 30 partners showed 400 full time equivalents; of which 89 were permanent jobs and the remainder made up of seasonal positions. **Nurseries:** The increase in labour over past 3 years for the nursery sector was threefold; In total, more than 10,000 days of non-permanent labour (= 500 fulltime job equivalent) and to 89 permanent jobs were reported. HPK was strongly supportive in all above mentioned levels of the sector the employment effects can be strongly attributed to HPK interventions; the **project did impact on the employment** situation by its contributions to create and improve the sustainability of several thousand jobs in the horticulture sector.

HPK supported in this phase and before, with other donors, the NWFP sector. This has resulted in the positive development of this sub-sector offering large numbers of rural families in remote parts of Kosovo employment and income opportunities. Analysis by HPK show notable large scale impact; an

² Idem; page 19

³ Summary of impact study data 2012 show: *In nurseries:* Women made up 28% of permanent and 50% of non-permanent labour, youth 43% and 65%, and minorities 1% and 17%. *In farming:* 34% of labour was from women, 55% youth ,5% minorities; *In processing /trading:* women: 27% of the permanent jobs and 60% of the non-permanent jobs, youth 20% and 51%, and minorities contributing 1% and 20% respectively.

estimated additional income of € 2.6 million for 11'400 families; and the NWFP sector generates today 260 permanent and 800 part time jobs.⁴

3.2.2 Trade gap

HPK has produced yearly Trade Balance reports since 2007 to follow up this indicator. In the observed period the trade gap in value has not narrowed. The **value of imports has increased** by an average of approx. 8% per year whereas exports have not increased significantly. But the increase of horticulture products was lower than the overall imports of all foodstuffs (+ 12% per year) and the **quantity of imported vegetables stagnated** over the period 2007 – 2011. Two conclusions can be drawn; Kosovo produces more quantity, but of lower value and still does not satisfy the demand when prices are higher. There is still **potential for more import substitution** by extending the crop season. The horticulture sector of Kosovo has become more competitive on the internal market, but neighbouring countries have progressed faster as shown by the statistics. Macedonia and Albania are now the most important suppliers of food crops that could be produced in country.

3.2.3 Improved Production Technologies

The two sector outcome indicators under technologies address impact on two levels; lower production costs through **better productivity** and adoption and **scaling up of improved production techniques**. HPK provided training and coaching support until 2010 to improve cultivation techniques for open-field and greenhouse production of fruits and vegetables (13 species). HPK introduced the Integrated Production (IP) which promotes the production of better quality products and reducing the use of agro-chemicals. "Yield increases in vegetable crops grew significantly, in the range of 10 – 30% for producers implementing IP."⁵ **Higher yields were obtained** through introduction of new hybrid seeds and fertilizers using drip irrigation systems. The limited sample size in the impact study does not allow a further detailed analysis on productivity and on total production for the individual crops.

Adoption of new practice in production has gained momentum. At the beginning of Phase V only 50 farmers practiced IP, by the end of 2012 their number has increased to 380. Initial approach in IP was designed as marketing tool, but scaling up took only place when in this phase IP was promoted as better production approach linked with the product aggregation. Improved techniques are largely preferred compared to conventional techniques. There is also some evidence that the indirect beneficiaries copy the improved production systems. The IP approach is also adopted by other projects, most notably the USAID funded NOA project. Other improved production techniques such as use of improved planting material saw the importance of nurseries increase dramatically from 2010 to 2012. The use of modern greenhouses for vegetable production resulted in 20 new greenhouses being financed by other donors outside of HPK.⁶

An interesting finding of the impact study was that the amount of seasonal credit taken by direct beneficiaries; it was higher by the project partners in all years; reaching €12,786 in 2012, more than 4 times as much compared with indirect beneficiaries (€3,017). This willingness to use credit to increase production shows a level of confidence in the horticulture sector that was not present in earlier phases of HPK.

3.3 Transversal themes

3.3.1 Gender

HPK followed a market driven approach; in the Project Document it was noted: "*Mainstreaming gender in a context driven by economic realities means being sufficiently sensitive to the impact of the initiatives taken to ensure that they contribute to – or at least do not harm – the good relations between the genders...*" This statement recognises the challenges faced by the project achieving gender targets. Two indicators were guiding the project's activities: Outcome 2: promotion of women's associations in processing and marketing of processed products; and Outcome 4: 10% of grantees' of the CFH to be women (revised in 2011 to 10% of the total grant fund).

⁴ Increasing employment and income by strengthening the Non-Wood Forest Product market; HPK IR by Nora Gola & Heini Conrad, page 5

⁵ Promotion of Integrated Production and Advisory Services, HPK IR by Basri Pulaj, Stuart Pettigrew & Heini Conrad, page 4

⁶ Information on these improvements is provided in the IR's prepared by HPK; Development of a competitive apple value chain in Kosovo; Vegetable nursery industry in Kosovo; Lumta Dida & Stuart Pettigrew

After the failure in 2009 of linking women's association to a reseller in Pristina, and the general difficulties of promoting associations, the project scaled down activities with women processors. However 2 groups were supported under the CFH and 2 more through direct project funds, and these 4 groups remain active at the end of 2012. The CFH target of 10% was achieved in two years of the phase, but not in the last year. This is also a reflection of the market situation where bigger processors start penetrating the market and space for home made products remains small. Setting a quota as target may also not be the best approach to mainstream gender as it does not capture important qualitative aspects.

More progress was achieved in women's employment within the sector, namely with larger processing companies which employed high number of women (ref chapter 2.2.1).

3.3.2 Governance

The Project Document states three principles of 'Good Governance' that HPK will follow:

- **Transparency:** with a special focus to the operation of the Competitive Fund for Horticulture
- **Non-discrimination:** being pro-active in involving members of minorities in project activities
- **Participation:** Promoting collaboration between market actors, establishment of sustainable institutions representing their interest and working with Ministry of Agriculture (MAFRD)

Transparency: HPK distributed more than €1.475 million of co-financed grants in 4 years period with its competitive fund. Detailed and transparent procedures were put in place; selection and monitoring of the funds were managed by HPK team and the final decisions made by an external board. In addition, a complete list of all grantees, including the specific project and value of the grants, was placed on the HPK website. This open and transparent way of dealing with grants in a fragile context was largely recognized and over the period no unsolvable disputes arose or cases of gross mismanagements occurred.

Non-Discrimination (Social Inclusion):

Non-discrimination was a principle of good governance in the project, but the only specific target in the Project Document was 10% of the CFH should be allocated to minorities. This target was achieved over the duration of the 3 years of the CFH, but activities of HPK to support minority groups went well beyond this numeric target. Collection centres in Mamusha (Turkish), Dragash and Shtrepce (Serbian) and in Mogila (mixed Albanian/Serbian) were just some examples of projects supporting all social groups in Kosovo. This is further supported by results of the Impact Survey showing high casual employment of almost 20% in the processing and nursery sectors. Also the support to the NWFP sub-sector resulted in increased employment for minorities in remote rural areas.

Most publications from HPK were prepared in Albanian and Serbian. For example, the 8 quality standards produced in 2010 and 2011 were prepared in Albanian and Serbian (as well as English), with the guides relevant to the Mamusha region were also produced in Turkish.

Participation

Changing to the M4P approach, which was not foreseen in the ProDoc, the project has in this phase intervened indirectly, mostly through private sector actors in the system. This was a major shift which empowered innovative partners and created a solid base for sustainability beyond the projects duration.

Cooperation with associations and government entities were also managed in this new way by responding to requests voiced by these partners rather than continuing direct support. Approximately 20 grower associations remained active at the conclusion of HPK, and were providing a way for producers to engage with other projects, municipalities and to access marketing opportunities. In addition, the Fruit Union, supported by HPK, was acting as a voice for all fruit producers and became a recognized partner of the Government. Cooperation with MAFRD continued well over the phase; support was given on virulent diseases, as well as training support to KIA. The relationship remained strong and coordination of activities was regularly discussed and implemented.

4 Outcomes and performance, partners and context

4.1 Summary of main outcomes

A summary of Logframe hierarchy and outcome results of HPK is provided in Annex 1. However, with any project of this duration and complexity, there were outcome/outputs achieved that are not part of the set targets of the initial Project Document. Some of these are summarised below:

4.1.1 Capitalisation & Evaluation

In 2012, the HPK team focussed on capturing the results achieved over the project, with an emphasis on Phase 5 but also recognising the work done since the project began in early 2001. Internal and external reviews were carried out to capture the rich experience of the project. The results of this work were a series of publications, widely distributed to project partners, and available on the project's website. Publications included:

- 8 Intervention Reports on key topics related to HPK
- 2 videos: one detailing the market system changes brought about by the project and one highlights from the 12 years of project activities
- An external review of the market system changes (by Marshall Bear)

4.1.2 Agriculture as a Business

From its inception in 2001, the focus of HPK was to shift the view of agriculture from one of subsistence, to one of 'Agriculture as a Business'. Improving the production technology, promoting investments in infrastructure and encouraging organised marketing systems were all part of this focus. In addition, HPK promoted the benefits of entering the formal economy. A centrepiece of this work was a brochure and training sessions on formal economy rules and regulations, launched in March 2012. Whilst progress was slow on this topic, the gradual shift to bank payments, simple contracts, but above all, an increase in the amount of credit taken by direct beneficiaries of HPK showed that this was an important challenge to face.

4.1.3 Strengthening local expertise

Over the years HPK has accumulated rich knowhow and knowledge in various fields of activities. These competences and skills, mostly owned by the local staff, are in high demand in Kosovo. All HPK staff has found continued employment either in other projects of international and local organization. This can be considered as a major achievement of HPK and contributed to the wider development of Kosovo's economy.

4.2 Efficiency

When designing the project back in 2009 no cost/benefit indicator were introduced to the ProDoc, this approach to measure efficiency has only developed currently. However comparing the results reported on the set outcomes and output indicators we dare to state that HPK made efficient use of available funds achieving more than what was initially planned in different areas. Of course there are also unsatisfactory results if measured by the indicator only; e.g. number of grants given, number of women's project supported (see AR's for more details). Combining and reading it with more qualitative indicators is certainly helpful. In this respect the initiative of MFA DK to have an ex-post evaluation of indicators chosen is very laudable and can contribute to better project design in the future.

At the end of the project we give ourselves credit for having managed well the project also through difficult and uncertain periods together with very understanding donors. In our view HPK project management has achieved more than was required also benefiting from positive developments in the sector pushed by external factors and the long duration of the project. At the end of the phase there is a balance of unspent fund of €154'240 which represent 2.6% of the total available only.

4.3 Contributions (of stakeholders and SDC)

The main contributions came from the two project donors, SDC and the Danish Ministry of Foreign Affairs. It shall be highlighted again that the donors were ready to support this project over an uncommon long period which allowed accumulating a rich capital in knowhow mainly rooted in well experienced local expertise.

Several activities were undertaken in collaboration with other donor projects. Examples included the Business Ideas Competition grants (MEST/Danida and YEP), Fruit Logistica visits (KPEP), support to

MAFRD (IAMB/Bari), joint financing of some grants with KPEP and NOA, and efforts to coordinate support to the NWFP/MAP sectors with GiZ and Care International.

Much of the stakeholder contributions have come from HPK's private sector partner. Over the past 4 years € 1.883 million out of the total CFH investments (€3.360 millions) have been invested by them, representing 56% of the total investments. In all other subsidized activities HPK always requested their contribution; their commitment in time has never been quantified. Some additional support for activities was received from the private sector, such as the collaboration with Pro Credit Bank in supporting different promotion events

4.4 Transformations of context

The **horticulture sector in Kosovo** has seen very positive developments in the past phase. Overall it has become more dynamic and more commercially driven. The interest for locally produced high quality products grew; the supply responded with an increased production. New entrepreneurial actors have emerged and brought fresh and higher investments into the sector. New and larger processing capacities have been established. The missing function in product aggregation has been filled with HPK and partners focusing on linking supply to the demand with a viable business model as confirmed by the external review.

MAFRD changed considerably in the period covered; the Agriculture and Rural Development Program 2010-2013 was implemented and the budget significantly increased as a result of financial support from both the World Bank and EU. Whilst many of these changes did not impact on HPK directly, some of them built on the successes of the project – for example the development of 3 large collection centres for fruits and vegetables, improving the skills of extension services, and the expansion of capacities at KIA.

At the **farmer level**, a major change occurred with the ability of producers to survive poor seasons. 2010 was an extremely good year for most producers, but 2011 had lower prices and poorer production. Most of the partners of the project continued production and still managed to increase income in 2011.

5 Lessons learnt

Market approach for systemic change

Over the last years applying M4P and private sector approaches, HPK has gained a lot of experience in how to use these market development tools. HPK's focus switched in 2010 to a more systemic approach with better linkages in the value chain through product aggregation with collection centres. It showed to be the right move and HPK was able with the partners to trigger changes in the horticulture system as assessed and reported by the latest reviews.

Understanding markets

Indispensable precondition to apply a market approach is a good understanding of markets. HPK has since the very beginning of the project focused on market needs, assessed and validated them. The experience accumulated helped in understanding market dynamics and then finding the 'right' intervention points and triggers to enhance scaling up. The long duration of the project allowed longer learning and increased understanding of the markets which could then be applied.

Finding the right partners and entry points

When using an indirect approach where most of the activities are performed by the market actors, a major challenge for the impact of the project activities is identifying the right partners. One crucial precondition to do so is the project's understanding of the context and in depth market knowledge, and the recognition by potential partners that the project is a fair, transparent and impartial facilitator. Equally important is to find and use the right entry points; where in the system do we intervene with the selected partners; which interventions have high leverage and can be bundled to a comprehensive set of connected activities? The project followed this approach in the product aggregation with several related services; like technical support and advice offered by the collection centres and HPK's interventions higher up in the value chain that did have impact on more beneficiaries.

Rightsizing the interventions

A challenge for all interventions is to 'right size' the support (financial or otherwise) to partners to achieve the desired change without distorting the system. HPK learnt several lessons to this; support was not provided without partner's contribution, especially with co-financed investment. Over the time the percentage co-financing was reduced and leverage of the grants increased. Similar subsidies for services (advice) were continuously reduced.

HPK also found it challenging to effectively use the increased grant funds provided in 2011 and 2012 by Danish MFA (€600,000 increase). Several larger projects were successfully financed, but it is possible they would have proceeded without the additional support of the CFH. Successful partners from earlier rounds received a second grant, when under a market development approach this may not be the ideal approach. The lesson to be taken from this is that more funds, although initially enhancing investments, are not always the best approach to increasing market developments, and a flexible funding tool may have been more appropriate.

Monitoring

During the first 4 phases of the project there had been lots of narrative reporting, but no comprehensive and coordinated approach to monitoring impacts. It was only decided in the last 3 years to conduct an impact study and collect data for the purpose to understand the impact of the project. This was obviously late and made the attribution of project impact very difficult. Establishing the monitoring system right from the beginning of any project is essential for later attribution of impact.

Market approach and Transversal Themes

Phase 5 was implemented as a market driven project, responding to the sectors initiatives, and reducing direct interventions used more during earlier phases. Whilst broadly successful, the systemic approach is more challenging in mainstreaming inclusion of gender and minorities issues. Meanwhile related theory and practice of M4P approach have been further developed and should be taken into consideration in the future design of any M4P project.

Project design should respond to changed environment

Since the designing of the HPK phase V the external context has changed considerably. The project could respond to this in most parts with its flexible market approach, but the foreseen establishment of a local entity as part of the exit strategy was somehow misplaced. A lot of efforts and energy could have been saved by reconsidering the project design instead of implementing a second component with very little impact and few chances to create a self sustained entity beyond project's closure.

6 Exit strategy and Scaling up

Consolidation & Transfer of Knowledge

Using mostly the private sector approach; many project activities are now in the hands of the market actors and will be continued. Knowledge was transferred to them; whereas some interventions in IP, formalizing business systems and quality standards will be continued by the NOA project (USAID) also in collaboration with HELVETAS Swiss Intercooperation, who remains a sub-contractor to NOA. Knowhow and data related to farm accounting have been transferred to the economic analysis unit of MAFRD.

HPK has reached its conclusion; but it is worthwhile to mention some issues still to be addressed in the agribusiness sector. These include improving the formal business practices at all levels of the market system, strengthening the linkages between actors through more structured agreements, addressing the quality standards of both fresh and processed products, and encouraging young people to take up agribusiness as a career. None of these are easy to overcome, but none of them are unique to agribusiness either.

Scaling up and autonomous replications

HPK has successfully introduced M4P approach and practice for improving producer/collector returns, increasing the flow of market information, and encouraging investments into production, marketing and processing. Other donors continue to support the product aggregation approach and scaling it up, as shown by the MAFRD initiative to support the establishment of 3 large centres. Even more encouraging is the beginnings of investments without donor support that are being seen. This replication of investments and scaling up of activities needs to be encouraged by donors starting to step back from the frontline of investments and direct support programs.

Measuring Sustainability

The comprehensive Impact Study completed over 2010 to 2012 shows evidence of the sustainability of the interventions of HPK in areas, such as Integrated Production, product aggregation, processed product and NTFP exports, but the medium term success of these cannot be measured yet. Given the huge investment the donors made in HPK, it could be worthwhile to evaluate their sustainability at a later stage. Donors could consider supporting a follow up study in 2014 or later and could build on the base set by the Impact Study for such a review.

We would like to conclude this end of phase report with a quote from the Minister of Agriculture, Mr. Blerand Stavileci, expressed when interviewed for the HPK video⁷: *“This project is considered by everybody and from our institution as well as one of the most important and successful projects. There are many visible results.”*

⁷ HPK Video: Highlights of 12 years of project work

Annex 1: Outcome Monitoring

The following is a summary of the monitoring information provided to the donors in the Annual Reports of HPK. More details can be found in the Annual Report for 2012.

Overall Project Goal	The horticulture agribusiness sector generates sustainable and broad-based employment and income for its actors and contributes to economic growth		
Purpose	Key value chains are competitive and sustainable and are underpinned by an effectively organised sector based on wide representation		
Key indicators	<ul style="list-style-type: none"> ➤ Trade gap (absolute value of imports minus absolute value of exports) in key value chains decreased by 10% ➤ Adopted packages of technologies made possible a decrease of the unit cost of production by 20% ➤ Proven packages of technologies are scaled up to 20% of production area for each key value chain by 2012 and are showing signs of exponential growth ➤ Number of full time jobs created in production and ancillary services increases by 5,000 		
OUTCOMES			
Outcome Indicators (OCI)	Baseline	Achievements	Target End of Phase
Outcome 1	A set of quality goods and services (inputs, machinery, business services, finance, training, advice, information) is in place and affordable to the actors in the sector		
OCI 1.1 Improved packages of technologies for <u>key</u> value chains established and use documented.	0	8	5
OCI 1.2 Number of producers adopting IP (Integrated Production) in key value chains	51	380	250
OC 1.3 Service providers providing quality advice in 3 sub sectors (production, financial and post-harvest)	n/a	20	30
OC 1.4 Input suppliers providing quality advice	3	6	7
OCI 1.5 Producer groups co-financing advice to at least 50% of costs	0	21	30

Outcome 2	Key Processes for sustainable access to markets related to post-harvest, processing, quality standards and marketing are in place and produce positive and large-scale effects on the horticulture sector		
OCI 2.1 Number of storage facilities established:			
• On-farm	10	19	15
• Commercial	2	9	5
OCI 2.2 Number of women organisations marketing home made products	7	4	10
OCI 2.3 Number of processors linked to producers	0	6	4
OCI 2.4 Joint marketing activities undertaken through			
• Collection Centres	0	13	6
• Processors	0	7	4
• Exporters	0	8	5
OCI 2.5 Increase in export turnover of partners	4,715 Tonnes (2010 data)	6,185 Tonnes (+31%)	30 %
Outcome 3	The sector's associations and institutions are professionally sound and they contribute to the effective organisation of the horticulture sector		
OCI 3.1 Strengthen sector representation			
• Number of associations working in the sector on behalf of members	20	21	20
• National representative body	0	1	1
➤ Private organizations active in sector (KCC, Tregu, others)	Agreements of cooperation	Agribusiness fair supported with KCC	Handing over of sector wide activities
OCI 3.2 Support to Government in establishing legal framework on :			
➤ Combating virulent diseases	Draft Admin. Instruction for Fire blight (FB)	Continued support to KIA	Admin. Instruction & activities on virulent diseases.
• Lists for safe use of pesticides	2	7	6
OCI 3.3 Number of graduates starting business	0	20	20

Outcome 4	Key investments by the private sector are leveraged through grants provided by the Competitive Fund for Horticulture (CFH).				
OCI 4.1 Number of successful projects		51			60
OCI 4.2 Investment leveraged through CFH (ratio)		2.6 : 1			2 : 1
OCI 4.3 Percentage of CFH funds are allocated to ⁸ : <ul style="list-style-type: none"> • women • minorities 		2010	2011	2012	10% 10%
		3 of 22	9%	0%	
		2 of 22	14%	14%	

⁸ The indicator for the grants going to women and minorities was clarified with SDC in 2011; initially in the ProDoc it was stipulated as percentage of total *number* of grants as reported in 2010; for 2011 and 2012 it was changed to the '*value*' of the total grants. 2010 in value it represented 5.7% for women and 7.1 % for minorities

Annex 2: Documentation

HPK documents and videos are available and can be downloaded on the HELVETAS Swiss Intercooperation Kosovo website under the following link: www.helvetas-ks.org/HPK/en/index.html

➤ **Capitalization & Impact**

- HPK Project Review - Aggregation and its Effects on Kosovo's Fresh Fruit and Vegetable Market System; Marshall A. Bear (November 2012)
- Summary of Impact Study 2010 – 12; H.R Felber, S. Pettigrew, E. Kotherja, H. Qeriqi (March 2013)
- Assessment of Impact of Project Activities in Non Wood Forest Products, Birgitt Boor, (December 2011)
- Impact Assessment of HPK in the Fruit and Vegetable Value Chains of Kosovo, Summary Results 2010-2011; H.R Felber, S. Pettigrew, E. Kotherja, H. Qeriqi (February 2012)
- Impact Assessment of Horticulture Promotion Kosovo (HPK) in the Fruit and Vegetable Value Chains of Kosovo, Summary Results 2010; H.R Felber, S. Pettigrew, E. Kotherja, H. Qeriqi (April 2011)

➤ **HPK Videos** *In Albania, Serbian and English*

- Creating income and employment in the Horticultural Sector in Kosovo, (October 2013)
- HPK: Highlights of 12 years of project work, (November 2012)

➤ **Intervention Reports**

- Vegetable nursery industry in Kosovo; L. Dida & S. Pettigrew (January 2012)
- Promotion of integrated production and advisory services; B .Pulaj, S. Pettigrew & H. Conrad (Oct. 2012)
- Increasing employment and income in NWFP market; N. Gola & H. Conrad (Oct. 2012)
- Making horticulture market more competitive; S.Pettigrew, L. Hoti & B. Pulaj (Oct.2012)
- Competitive fund for horticulture; S. Pettigrew, E. Kotherja & L. Dida (December 2012)
- Promotion of contract farming; B. Pulaj, H. Conrad & S. Pettigrew (December 2012)
- Development of a competitive apple value chain; L. Dida, S. Pettigrew & H. Conrad (December 2012)
- Introduction of quality standards for local fruits and vegetables; E. Kotherja & S. Pettigrew (December 2012)

➤ **Case studies**

- Integrated Pest Management: Less pesticides higher quality; May 2012
- Little Support can make a big difference in professional public service: Kosovo Institute for Agriculture, October 2012
- Case Study Agrocelina 2010, (August 2010)
- Case Study Mamusha 2010, (August 2010)

➤ **Market report**

- Kosovo Horticulture Trade Balance Report 2007-2011, E. Kotherja (October 2012)