



MINISTRY FOR FOREIGN  
AFFAIRS OF FINLAND



*Empowered lives.  
Resilient nations.*

# 2015 VALUE CHAIN ANALYSIS

## Non-Wood Forest Products

2 Mitrovicë/a Region







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## 2015 Mitrovicë/a Region

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## ACRONYMS

South Mitrovicë/a	Municipalities of Mitrovicë/a, Vushtrri/Vučitrn and Skënderaj/Srbica
North Mitrovicë/a	Municipalities of Leposaviq/Leposavić, Zubin Potok, Zveçan/ Zvečan, North Mitrovicë/a
EU	European Union
HACCP	Hazard analyses and critical control points
IADK	Initiative for Agricultural Development of Kosovo
IBCM	International Business College Mitrovca
IPA	International Policy for Agriculture
ISO	International Organization for Standardization
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MAP	Medical and Aromatic Plants
MESP	Ministry of Environment and Spatial Planning
NGOs	Non Government Organizations
NWFP	Non wood forest products
SMEs	Small and Medium Enterprises
TUV	Technischer Überwachungsverein
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
VAT	Value Added Tax

# TABLE OF CONTENTS

<b>ACKNOWLEDGMENTS</b> .....	<b>4</b>
<b>ACRONYMS</b> .....	<b>5</b>
<b>1. INTRODUCTION</b> .....	<b>8</b>
<b>2. METHODOLOGY</b> .....	<b>9</b>
<b>3. MAPPING OF THE SECTOR</b> .....	<b>10</b>
3.1 Producers/Collectors/Farmers .....	12
3.2 Buyers/traders/Collection Centers .....	13
3.4 Exporters .....	16
3.5 Extension services .....	17
3.6 Input providers .....	17
3.7 Laboratories.....	18
3.8 Access to capital.....	18
3.9 Transport & Logistics .....	19
3.10 Marketing organizations.....	19
3.11 Certifications .....	19
3.12 Education .....	19
<b>4. DEMAND AND SUPPLY CHARACTERISTICS</b> .....	<b>20</b>
4.1 Situation in South Mitrovicë/a .....	20
4.2 Situation in North Mitrovicë/a .....	21
<b>5. DOMESTIC AND EXTERNAL TRADE AND MARKET TRENDS – MARKET ENTRY POINTS AND COMPETITION</b> .....	<b>25</b>
<b>6. HORIZONTAL AND VERTICAL LINKAGES</b> .....	<b>27</b>
6.1 Horizontal linkages .....	27
6.2 Vertical linkages.....	28
<b>7. KEY ISSUES IDENTIFIED FOR THE TARGET REGION</b> .....	<b>29</b>
7.1 Strengths.....	29
7.2 Weaknesses .....	29
7.3 Opportunities.....	30
7.4 Threats .....	30

**8. CONCLUSIONS AND RECOMMENDATIONS FOR THE IMPROVEMENT OF THE SECTOR .....32**

- 8.1 Improved Business Environment..... 32
- 8.2 Improved Horizontal & Vertical Linkages ..... 34
- 8.3 Improved Marketing of VC stakeholders ..... 35
- 8.4 Improved SMEs Production ..... 36
- 8.5 Improved Access to Capital ..... 39
- Annex 1 - List of Interviews ..... 41
- Annex 2 - Donor Programs for the NWFP sub-sector ..... 43
- Annex 3 - References ..... 46

**FIGURES**

- Figure 1 – South Mitrovicë/a Non-Wood Forest Product’s value chain .....10
- Figure 2 - VC Graphical presentation - North Mitrovicë/a ..... 11

**TABLES**

- Table 1 - Collection costs .....20
- Table 2 - Processors operation costs.....21
- Table 3 - Collection costs-North Mitrovicë/a .....22
- Table 4 - Processors operation costs -North Mitrovica .....23
- Table 5 - Monthly value of NWFP exports and imports .....25
- Table 6 - Monthly quantity of NWFP exports and imports.....26
- Table 7 - Top NWFP import export markets .....26

## 1. INTRODUCTION

The targeted region consists of North Mitrovicë/a (municipalities: Leposaviq/Leposavić, Zvečan/Zvečan, Zubin Potok and North Mitrovicë/a), and South Mitrovicë/a (municipalities: South Mitrovicë/a, Vushtri/Vučitrn and Skënderaj/Srbica). This region has a very modest economic activity, which is far below its potential. At the same time, it is particularly favourable for Non-Wood Forest Products (NWFP) collection and cultivation. The altitude and terrain configuration are favourable for the collecting activities and cultivation of some species of wild fruit and medical herbs, as well as some kind of cultivated berries. Kosovo<sup>1</sup> has a long tradition in the collection of wild NWFP such as wildy grown mushrooms, aromatic and medicinal herbs, and berries but it lost the market with the breakdown of Yugoslavia. An additional problem was that Kosovo had never developed a tradition of cultivating NWFP. Nevertheless, thanks to the producers, who kept good business links with larger processors, the collection of NWFP started again. Later, supported by different donor initiatives in Kosovo, the industry has grown much faster.

Kosovo has 481,000 ha<sup>2</sup> of forest land. According to the inventory of NWFP<sup>3</sup>, prepared by the Botanic Department of the Faculty of Mathematics and Natural Sciences of the University of Hasan Prishtina, Kosovo has the potential to collect at least 29,000 tons of NWFP, including 85 species with economic potential, such as oregano, menthe, primula veris, juniper berries, rosehip, St John's worth, chamomile, yarrow, Breckland thyme, etc.

Today, around 11,400 collectors<sup>4</sup>, 100 cultivators, 40 collection centres, and 10 processors are estimated to be active in Kosovo, south of Mitrovicë/a mostly. Collection is mainly a family business involving equally all members of the family. Collection centres are organized by the larger collectors in the micro region. Last three to five years, all processors have made large investments in establishing freezing chambers, cooling rooms, and processing machinery. Companies such as EuroFruti, Agroproduct, Hit Flores and Fungo FF have also invested in the implementation of food safety and quality standards such as HACCP, IFC and organic certification.

Meanwhile, primary research conducted for the purpose of this study suggests that around 1,050 families in North Mitrovicë/a are involved in collecting NWFPs. This accounts for over 2,000 people. Considering the total population in North Mitrovicë/a, this is a significant number. At the same time, there are 40 to 50 farms<sup>5</sup>, which are actively cultivating raspberry and blackberry products, with the average plantation area of about 0.10ha.

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1 References to Kosovo shall be understood to be in the context of Security Council Resolution 1244 (1999)

2 MAFRD – "Agriculture and Rural Development Plan 2009 – 2013"

3 [http://www.helvetas-ks.org/HPK/documentation/technical\\_reports/101007RaportiiinvetaritteBMAdhePFE\\_en.pdf](http://www.helvetas-ks.org/HPK/documentation/technical_reports/101007RaportiiinvetaritteBMAdhePFE_en.pdf)

4 HPK report "Assessment of Impact of Project Activities in NWFP Sector in Kosovo and Development outline of Project Activities for 2012" - prepared by Brigit Boor

5 Cultivation is a family business and in the region traditionally the title of the land in majority cases is held by the husband



## 2. METHODOLOGY

The purpose of this research is to identify and analyse all aspects of the NWFP value chain in Mitrovicë/a region. The preparation of the value chain analysis was organized in two stages. First, a review of all existing relevant studies and data related to the NWFP were analysed. After the initial literature review, the project team collected data through semi-structured interviews with the key stakeholders representing different levels of the NWFP value chain. The selection of key stakeholders was made considering equal territorial and organizational representation and ensuring coverage of the key actors in different value chain structures.

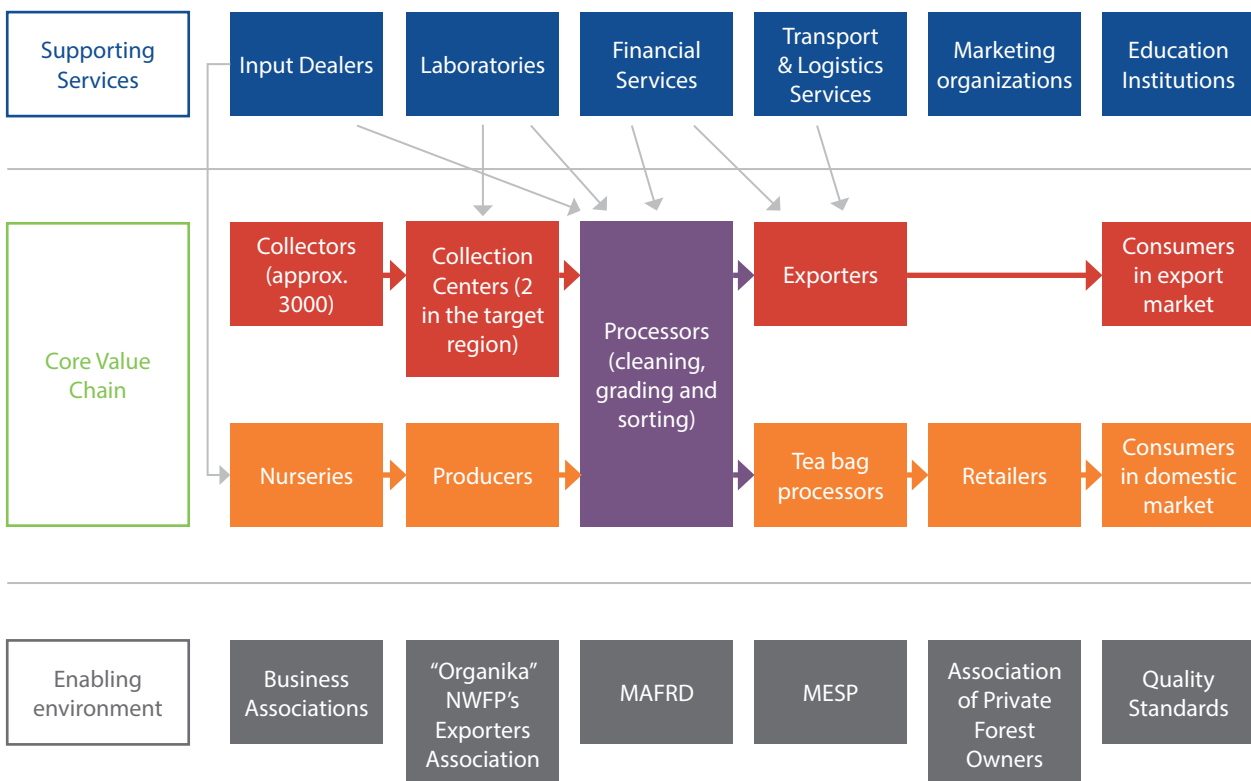
In order to analyse the institutional support aspect and the existing business environment, interviews were organized with representatives of the Ministry of Agriculture, Forestry and Rural Development, Kosovo Forest Agency, Municipalities of Mitrovicë/a and Leposaviq/Leposavić. The workforce specifics and capacity building requirements were covered through interviews with the professors of the University of Prishtina/e, University Hasan Prishtina, extension services providers and a number of SMEs active in the Mitrovicë/a region. Information related to access to capital was gathered through interviews with several representatives from the banking sector. Efforts were also made to analyse the indirect value chain participants such as transport, warehousing, food safety institutions, logistics and marketing. The production and processing aspects of the value chain were covered with interviews with all relevant producers and processors in the target region.

The information collected was crucial for the organization of a SWOT analysis with all involved experts, where all the strengths, weaknesses, opportunities and threats were identified. This process also allowed the team to prepare an initial set of recommendations for the development of systematic interventions for the improvement of the competitiveness of the value chain. In order to review the relevance of the proposed systematic value chain interventions, two separate focus groups were organized in Vushtrri/Vučitrn and Mitrovicë/a, for the North and South Mitrovicë/a participants, respectively. In both focus groups efforts were made to ensure the participation of relevant key sector stakeholders from all aspects of the value chain. The recommendations and proposed interventions presented in this document refer to the discussions and comments received from the key sector stakeholders which led to the development of a document which reflects the real needs, and identifies the gaps in the NWFP sector.

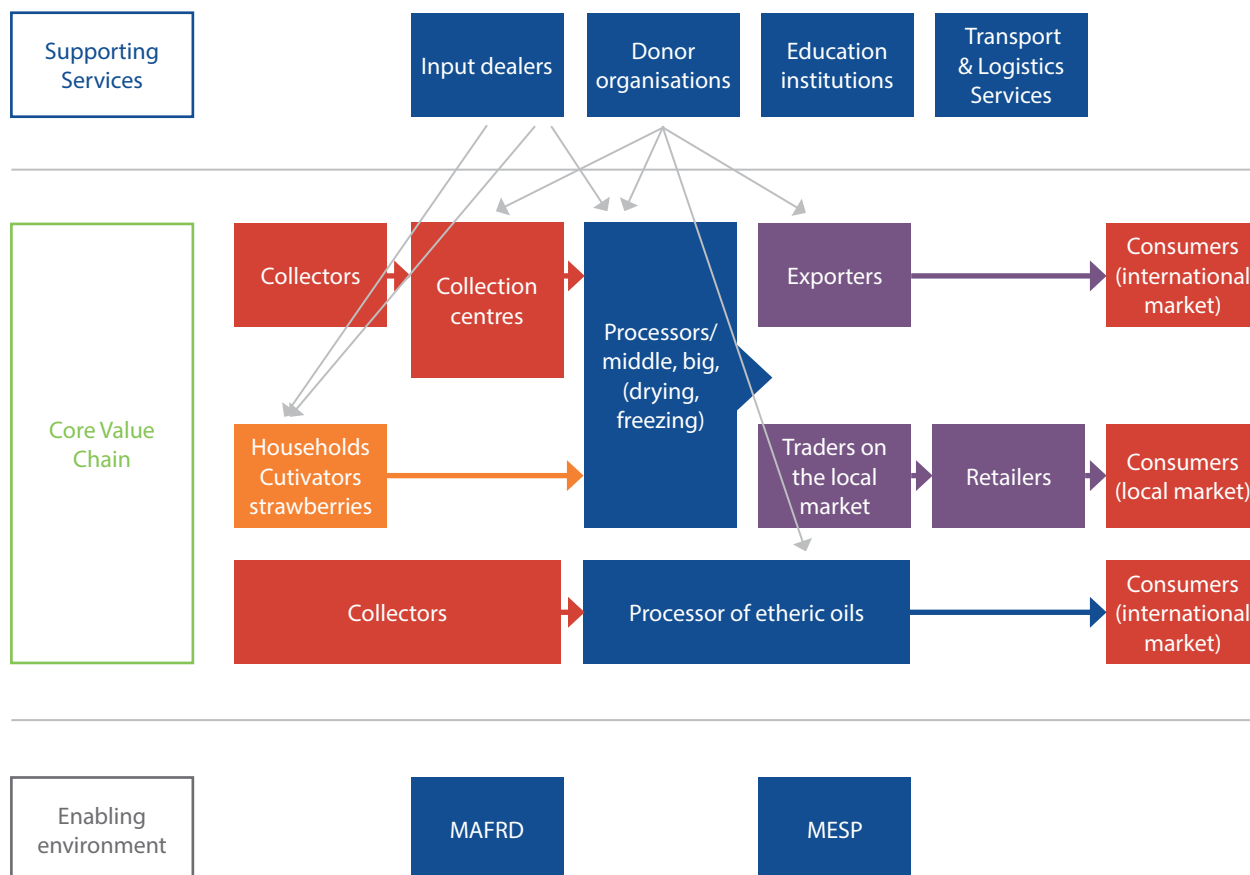
### 3. MAPPING OF THE SECTOR

**Direct value chain participants** are entities or stakeholders that are linked to and directly influence the core operations of the value chain. The value chains of South and North Mitrovicë/a are presented in Figures 1 and 2 below, whilst the description of the situation in different participation segments is provided in the rest of this section.

**Figure 1 – South Mitrovicë/a Non-Wood Forest Product’s value chain**



**Figure 2 - VC Graphical presentation - North Mitrovicë/a <sup>6</sup>**



<sup>6</sup> Figure 2 includes only the parts of the value chain that we were able to identify during the survey. Parts of the value chain, whose existence we were unable to identify or that is currently not fulfilling its role in the value chain (for example, there are financial institutions operating in the region, but they are not supporting projects in agriculture or food industry), are not included in the graph. Organizations for providing consulting services in the food industry, (such as organizations in the field of quality control, food safety and standardization) were not identified and are not included in the graph. Organizations such as farmers’ associations, clusters and other forms of sector association were not identified during the field interviews. Role of the MAFRD and MESP in North Mitrovicë/a region is limited.

### 3.1 Producers/Collectors/Farmers

#### General findings

Collectors are people/families living in rural regional areas with potential for collecting NWFP equally involving all members of the family. Depending on demand and prices, collectors gather different NWFP species during the day and in the evening sell their products to collection centres and processors directly, receiving payment in cash and on the spot. The collection is conducted manually; for some products hand tools are used. Most collectors use second hand plastic bags, sacks or plastic containers depending on the products; however, processors with organic certification, use specially prepared baskets, which preserve the products from getting damaged. Most of the collected products are sold within the same day; collectors rarely conduct drying (sun-drying) or post-handling, such as cleaning and grading, because they lack facilities for such activities, although they possess the knowhow.

Cultivators of MAP – there are two types of cultivators in the total area of 250ha;

\* *Small scale farmers* who substituted the previous crops (e.g. cereals or vegetables in small scale) with the cultivation of the NWFP seeing the potential of a higher farm income. They are either supported by donors or by processors, who provide them with seedlings and other inputs, and agree to buy their final products in the harvesting time.

#### South Mitrovicë/a

Two collection centres/sub-operators have stated that they purchase products from at least 500 collectors from 40 villages; it is believed that for half of them, the collection of NWFP is the main source of income.

There are around 90 cultivators with an area of cultivation of 0.05 – 0.3 ha; there are approximately 85 ha overall

In the targeted area there are around 35 small scale farmers cultivating MAP species like marshmallow, origano, sage and black marshmallow. These producers were supported by IADK through the provision of input and technical advice.

\* *Larger cultivators* – there is the processor Agroproduct from Istog, which has 16 species under a total cultivation area of 145 ha, as well as two other larger cultivators with a total area of 20 ha. It is very important to note that aggregators or integrators of NWFP do not exist in Mitrovicë/a. All key players of the sector are not located in the area of research; nevertheless, they play a significant role in the development of the NWFP sector in the target region through the provision of services to all interested parties.

In the Mitrovicë/a region, there is a larger cultivator of MAP – marshmallow, menthe, and sage on area of 7ha. He is associated with the Agroproduct, who supplied seedlings and provided on-farm advice.

Cultivators of berries – A number of projects have promoted the production of berries such as strawberries and raspberries in Mitrovicë/a region for the last 10 years by supplying input, on-farm advice and improving the marketing of the berries.

The main berries produced are strawberries and raspberries. The Kosovo market is almost saturated with domestic strawberries, however, the supply of planting material (runners) is still unsustainable because domestic nurseries do not supply planting material of proper quality.

### North Mitrovicë/a

Based on the interviews conducted for the purpose of this report, there are around 1,050 families involved in a commercial collecting activity, though none of these rely solely on this activity. Collectors sell their products (dried and fresh) on the local market in North Mitrovicë/a. The level of knowledge about collection opportunities is low, so for example, some of the mushrooms are not collected, because collectors are being familiar with them (for example, with Morchella and Amanita caesarea).

Recently, there has been a wide interest in cultivating berries, as the annual income gained from this type of production ranges from about 3,500 EUR to 4,000 EUR from plantations of 0.10ha in size. The harvest reaches up to 20t/ha (for blackberries), with a purchase price of about 2 EUR/kg, which means that one farm can significantly raise its income by cultivating wild strawberries, raspberries and blackberries. The number of those interested in this kind of production is growing steadily and currently there are around 55 farmers involved in it.

There are also farmers that have just started cultivating wild strawberries. All cultivated fruits are sold in the local markets but not in an organized way to ensure a stable market and contracted farming.

## 3.2 Buyers/traders/Collection Centers

### General findings

Smaller collection centres/Aggregators - are run by people living in rural areas that purchase products from the collectors daily on commission bases on behalf of sub-operators or operators/processors. These centres have smaller storages without drier or cooling rooms. A similar type of work is done by some other inhabitants living in rural areas purchasing products on behalf of processors (e.g. mushrooms and blueberries). Basically, only product aggregation is done – collecting smaller quantities from collectors aggregating and transporting the product to processors or managing direct sales as exports, but in small quantities, mainly related to mushrooms. Products are always paid on the spot – no delayed payment is involved. Altogether, there are 30 collection centres.

Sub-operators – these are businesses that have infrastructure to dry and/or cool and store collected products. These businesses purchase the products from collection centres and/or collectors depending on their processing and storing capacities. These businesses are in position to choose their potential buyers since the product is storable and thus fairly preservable; their bargaining power is greater than that of the collection centres. There are about 40 collection centres operational in Kosovo that also collect larger quantities and greater variety of goods (herbs, berries, and mushrooms).

The challenges which collectors/processors are facing are related to the business environment, process of production (lack of regulations and unregulated area of work and business, production process, lack of bank support, lack of institutional strategy for agriculture, poor and limited coverage of technology, lack of equipment for producing products with added value (small packaging of high quality products, equipment for the production of long lasting products), lack of marketing activities and lack of producer associations and rural advisory services).

### South Mitrovicë/a

In the target region there are two collection centres/sub-operators, situated in Bajgorë/Bajgora and Skënderaj/Srbica.

The collection centre in Bajgorë/Bajgora operates with 200-300 collectors of wildy-grown NWFP, located in 22 surrounding villages, where about 12,000-13,000 inhabitants reside. For about 50% of them, the collection of NWFP is the main source of income. The collection centre operates with two dryers and two vans/vehicles, transporting products from remote areas. The collection centre was supported by donors with capacity building, including post-harvest handling. The main products the collection centre operates with are mushrooms, cowslip, juniper berry, rosehip and elderberry.

The collection centre in Skenderaj (AgroFlorentina) acts as a collection centre, processor and exporter. The main products are mushrooms (5 different species), juniper berry, rosehips, wild apple and blueberries. Recently, the company has built 600m<sup>2</sup> facilities including cooling and freezing rooms and driers.

Both collection centres are linked with larger companies that do the exporting, such as Agroproduct for MAP, and Agro-Florentina for berries. The collection centres stated that if there were a demand, they could increase the collection by 50%.

In general, there is no formal education organized for the collectors. Only donor projects and large exporters provide some training on the topic.

### North Mitrovicë/a

During the research, four enterprises for purchasing and processing of berries and mushrooms were identified, and none of them collected herbs.

Three companies are small in size and are located on the territory of Laposaviq/ Laposavić municipality, whereas the fourth, the biggest company, is located on the territory of Zubin Potok and was registered as a cooperative in 2011. These enterprises have an annual turnover from 100,000.00 (the small-sized) to 600,000.00 EUR (the larger one-“ZZ Zubin Potok”). The products purchased are wildy-grown mushrooms (dried and fresh), blueberries and other forest fruits (wild strawberries, blackberries), cultivated strawberries and raspberries.

Combined, they have equipment for quick freezing (capacity ranging from 3t to 12t per round) as well as drying capacity up to 5t per round. The storage capacity ranges from 70t to 1,500t.

Smaller plants employ less than 10 full-time workers, whereas in the biggest plant there are 50 workers. The estimated number of workers employed by the cooperative on an annual basis is about 150 workers (full-time and seasonal workers). The smaller plants employ on average 25 to 50 workers for seasonal jobs. The structure of the labour force is balanced; there is an equal number of men and women employed.

None of these enterprises have certified food-safety systems or standards regulating this area. Only “ZZ Zubin Potok” has implemented the HACCP system. There is no long term cooperation between collectors and collection centres so that the quality control and selection of the input is actually not carried out. This is advantageous for small middlemen who in some instances find themselves between these two participants in the VC.

<p><b>North Mitrovicë/a</b></p>	<p>The role of the middlemen in the VC is minor and is limited to the transport of goods from collectors to purchasers. They do not have storage capacities and they do not threaten the business activity of purchasers. In this way, the raw material goes from South Mitrovicë/a (and Kosovo wide) to North Mitrovicë/a, although officially there is no trade between these two regions.</p> <p>The products produced in these larger collection centres do not have high added value since they are mainly industrial packaging of cooled (fresh), frozen or dried products, intended for further processing. There is only one processing company, organizing cleaning and packaging of the material suitable for transport to other wholesale centres. Even so, processed products are packed in relatively large packaging of 2.5kg and are not fully finalized (such as packaging of 0.125kg of blueberries or 0.250kg of strawberries in modified atmosphere, which can be found in the supermarkets). As we pointed out earlier, so far processing has been carried out only in one plant. The collectors/processors are exporters at the same time.</p>
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### 3.3 Processors

<p><b>General findings</b></p>	<p>These are registered businesses that purchase large quantities of products for export. The processors make a yearly plan of collection, in terms of both quantity and prices, and inform other actors what they intent to buy. They set prices and in majority of cases, pre-finance others to purchase products. They process, grade and pack products based on demand. However, they are involved in the organization of collection, processing and exporting; one of them is even involved in the production of planting material and cultivation - for this reason they are also called Operators. There are 9 processors employing at least 100 full time employees and 500 seasonal workers, located mainly outside of the Mitrovicë/a region. According to the Field Interviews around 80% of the engaged workforce are female that corresponds with the situation in the wider region.</p>
<p><b>South Mitrovicë/a</b></p>	<p>The company Agroproduct from Istog/Istok is very active, even though not located in Mitrovicë/a. It provides planting material for cultivators, and has contracts with collection centres for wild products.</p> <p>Agroproduct - has 33 full time workers and 200 seasonal workers. It has 3,250 registered collectors linked with 40 collection centres throughout Kosovo, of which three collection centres are located in the Mitrovicë/a region. The market is mainly export-oriented to western European markets.</p> <p>Currently, the cultivation/collection ratio of the company is 30%/70%, but considering the advantages of cultivation for the processors, this ratio has the tendency of increasing to 50%/50%. The whole production of the company is organic-certified. The company has several modern dryers with a central heating system and possesses a processing line for collected goods. The company works with at least 50 species – the main ones are cowslip, marshmallow, black marshmallow, linden, elder berry, rosehips, blueberries, menthae and melissa.</p>

### North Mitrovicë/a

During the research, apart from the drying and frosting of product, no other kinds of plants currently operating for processing have been identified. Only one plant for the production of etheric oil was identified, whose infrastructure construction was under way. The investor of this plant is a private enterprise "Peppermint" from Vuçë/Vuča village, municipality of Leposaviq/Leposavić, supported with a grant awarded by the EU Office in Kosovo (EURED III Grant Scheme)<sup>7</sup>.

This production plant plans to employ 12 to 17 workers, and to pool about 150 farmers – subcontractors. It will consist of a mini laboratory, cold storage, distillery which will distil many plant species such as juniper, plum and blackberry<sup>8</sup>. Although the plant is in an early phase of construction works, with an undeveloped infrastructure, the owner plans to start his work during the season of 2015.

The plans of the plant owners are very ambitious and require wide engagement of the local labour force by setting contractual relations with subcontractors who would grow Valerian (*Valeriana officinalis*), Angelica archangelica, commonly known as garden angelica and basil or sweet basil (*Ocimum basilicum*) for purposes of the production process. The target market for etheric oil is Serbia and Russia.

## 3.4 Exporters

### General findings

The main Kosovo processors are also exporters. The processors have links with the export market and following their requirements, purchase products. They are mainly located outside Mitrovicë/a but are continuously purchasing products from this region.

The companies from Serbia, which cooperate with the companies from Kosovo (from the whole territory, not only from North Mitrovicë/a) have problems regulating legal forms of purchase, so this is a limiting factor for the realization of trade.

In order to overcome this situation, cooperation between enterprises from the south of Kosovo and enterprises from Serbia is achieved through companies from the territory of Bujanovc/Bujanovac and Preshevë/Preševo, while cooperation with enterprises from North Kosovo is achieved directly.

### South Mitrovicë/a

The main exporters are Agroproduct and Agroflorentina. Agroproduct exports to Western European markets such as Germany (70%), Austria (20%), Switzerland (10%), at a yearly value of up to 1,500,000 EUR. It has three long term contract with its buyers, which is very rare in the whole Balkan region. AgroFlorentina has started recently to export juniper berries to Germany and blueberries to the Netherlands.

Mushrooms from the targeted areas are mainly exported to Serbia due to the geographic location and good linkages; for such exports, collaboration between companies in South and North Mitrovicë/a exists and it is often done through informal channels.

<sup>7</sup> Source: <http://www.rdanorth.org/>

<sup>8</sup> Data obtained through the interview during the research



### North Mitrovicë/a

In the target area there are no specialized exporters identified. All identified purchasers/processors are at the same time exporters and they sell their products to other wholesalers in Serbia (over 90%). Indirectly, via buyers from Serbia, the products from this region also go to a large number of EU countries and Russia (in 2014 one exporter exported to USA, as well).

Indirect VC Participants are groups and entities which are part of the value chain serving as support to the operations of the core value chain, such as Extension Services, Input Providers, Laboratories, Access to Capital, etc. The rest of this section discusses these participants.

## 3.5 Extension services

In the South Mitrovicë/a, there are three types of extension services: 1) Public services organized through MAFRD and Municipal Structures, which are in their initial phase of development and thus currently very weak; 2) Advice provided by development projects. IADK is the best example. It provided advice regularly to all actors both for the collection and cultivation processes; however, the actors did not pay for the services offered. IADK services were financed by the donors and as such they are not sustainable. 3) Agroproduct's integrated model – provision of on-farm advice to farmers by the processors. It is purely driven by the private sector. In North Mitrovicë/a, there are no organized support structures that provide free or paid education and support to the stakeholders of the value chain, except for "Business Centre from Zvečan/Zvečan which is under a donor-funded program supporting entrepreneurship among women and youth in North Kosovo that organizes trainings, one of which is focused on modern methods of fruit production.

## 3.6 Input providers

In South Mitrovicë/a there are around 100 registered businesses, input dealers, supplying seeds, pesticides and other inputs (e.g. tray and substrate) for the production of planting material. Specifically, for the cultivation of NWFP, there is organized production of seedlings. A number of local processors distribute these seedlings to contracted cultivators guaranteeing the buyout of their production. Regarding berry production, there is a high demand for seedlings; however, domestic nurseries supply limited number of seedlings with low and non-standardized quality. The main nurseries are located outside of the Mitrovicë/a region, in Deçan/Dečani, Shtime/Štimlje and Gjakovë/Đakovica. Two years ago, with the support of USAID's NOA project, a nursery for raspberry cane production was established in Podujevë/o – it has developed quite well with certified and good quality seedlings.

The pesticides available on the market are generally of low quality. Kosovo Institute for Agriculture (KIA) in Pejë/Peć has the technology to conduct analysis, but lacks human resources. Larger companies and producers import pesticides themselves or find appropriate channels for their supply, due to the fact that they are large and purchase larger quantities. In North Mitrovicë/a, there were no identified input producers. All necessary inputs (seeds, seedlings, pesticides, other chemicals, packaging etc.) are imported.

According to interviews, there is a problem with the procurement of pesticides caused by the slow procedure of obtaining permits as well as other administrative issues. The most common inputs

such as seeds and seedlings are mainly purchased from Serbia, whereas pesticides and other chemicals are purchased from Serbia and EU countries. A potential problem is the purchase of uncertified seedlings and lack of information about production hazards which this purchase entails.

### 3.7 Laboratories

In Kosovo, there are two public and numerous private laboratories performing physical-chemical and microbiological analyses. As the NWFP product sector is export-oriented and products have to be analysed before export, these institutions are very important for the sector. The main public labs are the Kosovo Institute for Agriculture (KIA) in Pejë/Peć and the Public Health Institute in Prishtinë/Priština. KIA provides services for the analyses mentioned above in order to obtain a phyto-sanitary analysis of products before exports (it is obligatory for export). Both labs provide product quality and food safety analyses (e.g. percentage of moisture, or any other analysis required by the orderer). In North Mitrovicë/a, quality control of products represents a significant problem as there are no accredited laboratories in this region. Companies that are interested to export to the EU market need to send the samples to Prishtinë/Priština or Pejë/Peć for analyses although currently, the majority of companies are using laboratories in Belgrade. When goods are transported to Serbia, analyses are often not obligatory. An additional problem is the fact that there is no mutual recognition of accreditation of laboratories from Kosovo and Serbia and therefore it is an obligation taken over by the buyer (the products are further exported mainly to EU and therefore, analysed in the accredited laboratories in Serbia). The phyto-sanitary inspection of Kosovo is in charge of the control of goods at the entrance to Kosovo. An initiative was launched by the newly founded Faculty of Technology in North Mitrovicë/a for the establishment of a laboratory within the faculty but only for chemical analyses of products. Presently, establishment of the laboratory is in the initial phase with lack of equipment, trained personnel or accreditation. The establishment of this laboratory can solve many problems faced by local companies.

### 3.8 Access to capital

In Kosovo, including North Mitrovicë/a, loans and other financial products are expensive and unsuitable. The processors need a large amount of working capital to pre-finance the purchase of raw material; banks have been providing only product overdraft in much lower amounts than needed – for such a product banks ask for assets as collateral and signed contracts with international buyers are not accepted as guaranty. Agriculture covers only 3% of the total credit portfolio in Kosovo. Turkish Economic Bank (TEB) Bank launched a new product - Agro Card last year; it is a revolving credit card with which farmers or companies involved in agriculture could purchase products needed for farm investments or expenses with delayed payment of up to six months. However, only a couple of actors seem to be using it.

In North Mitrovicë/a, access to capital is the major problem which enterprises as well as farms face. In this area, there are a number of banks (Raiffeisen Bank, Nova Ljubljanska Banka - NLB, Jug Banka, and Komercijalna Banka); however, none of them offer credit lines to support the production and development of the sector. The banks do not issue loans since the payments are not secured, the collateral of the companies is not registered at all with Kosovo institutions, the rule of law and operations of the judicial system are at halt. The risk level of the banks increases multifold since the pledge cannot be guaranteed with any system, and the collateral cannot be seized at all. Therefore, they prefer not to take any risks and do not issue loans.

### 3.9 Transport & Logistics

In South Mitrovicë/a and Kosovo wide, transport companies provide services of transport for exporting purposes. The operators mainly use international companies rather than local ones due to the lower prices, since Kosovo companies have larger insurance costs (e.g. green card cannot be purchased yet for vehicles registered in Kosovo). In North Mitrovicë/a, there is not a single forwarding company identified, so all the participants in the value chain rely on their own transportation means (on the local level, as well as for the transport of raw materials) or on the transport provided by the buyer (sales on other markets). Despite the absence of transport companies, this is not a problem because of the vicinity of buyers as well as presence of a large number of transport companies from Serbia.

### 3.10 Marketing organizations

Little or no promotion of products is conducted in neither in South nor North Mitrovicë/a. Services of marketing companies have been required by the actors only during promotional activities or participation in fairs or for the design services of labelling and packaging material of final products sold on the local market.

### 3.11 Certifications

In Kosovo, there is no accredited certification body; therefore, services of certification bodies from neighbouring countries are contracted. "Albinspect" from Albania provides such services for organic certification, while for HACCP there are numerous international providers. While the organic certification is paid by the companies, the majority of HACCP preparations for certification are supported by various donors. Agroproduct has had the organic certification for at least 5 years. The company certifies the collection as well as cultivation areas in Mitrovicë/a. In North Mitrovicë/a, there is no local certification agency for certification of products and/or standards in the field of quality management (ISO 9001, product safety H14001). According to the interviews, there is a very low level of information about safety and quality standards. The system of food safety (HACCP- which is the basis for all the standards of food safety) has been implemented only by one company in "ZZ Zubin Potok"

### 3.12 Education

Institutions providing relevant education for the workforce of South Mitrovicë/a include the Botanic Department of the Faculty of Mathematics and Natural Sciences of the University of Prishtina, Hasan Prishtina; The Faculty of Technology provides Food Technology branch classes, and vocational secondary agricultural schools. However, these institutions do not develop the skills that are needed in the labour market. Currently, other support for this sub-sector has been provided by development projects through training, study tours, printing technical materials and on-farm advice.

In North Mitrovicë/a, there are three institutions covering the field of food technology and agriculture. These are the Agriculture School in Leshak/Lešak<sup>9</sup>, the Faculty of Agriculture in Prishtinë/Priština<sup>10</sup> as well as the newly founded Faculty of Technology.

<sup>9</sup> <http://www.poljoprivrednaskolapristinalesak.edu.rs/>

<sup>10</sup> <http://www.agr.pr.ac.rs/>

## 4. DEMAND AND SUPPLY CHARACTERISTICS

### 4.1 Situation in South Mitrovicë/a

The NWFP products collected in the municipalities of Mitrovicë/a, Vushtri/Vuçitrn and Skenderaj/Srbica are mushrooms, cowslip, elder berry, wild apples and nettle. Medicinal and aromatic plants are cultivated as well associated with the processor Agroprodukt from Istog/Istok – marshmallow is cultivated on 4ha, menthe in 1.5ha and sage on 1.5ha.

Table 1 below presents an example of the cost structure of several NWFP species, including the total quantity collected by a collection center, the daily income of collectors, and the number of days spent to collect different species. This example shows that different species have different costs and income; however, these costs may differ for many reasons e.g. good weather conditions increase yields since fruits after harvest could be dried easily. The table below show the operations at a collection center with provisional profits from the operations. The prices and collection quantities are given in minimum amounts that need to be organized by one collection center. The included working days are approximations of the labor needed for semi-processing some of the collected products.

**Table 1 - Collection costs**

Specie	Quantity collected - dried (kg)	Paid by collection center - fresh (EUR/kg)	Daily quantity collected - fresh (kg/day)	Total # working days`	Daily income (EUR/day)	Total income of collectors (EUR)
Primula veris	5.000	0,83	12	417	10	2.500
Tilia cordata	1.000	1,67	9	111	15	5.000
Sambucus nigra	5.000	0,75	20	250	15	2.250
Vaccinium myrtillus	2.000	1,6	20	100	32	4.800
Juniper communis	12.000	0,32	50	240	16	9.600
Rosa canina fructus	8.000	0,5	50	160	25	1.500
Malus sylvestris	12.000	0,1	150	80	15	300

Table 2 below shows the approximate costs and gross income made by collection centers. This again can differ for many reasons; especially the income of the processors as buyers in the export markets pay only after analyses of the products are made; if the quality is lower than the one contracted, they pay less, which is sometimes lower than the price paid by the processor for purchasing the product. The prices are different every year and depend mainly on the season, but the margins between the collectors, processors and collection centers are usually fixed.

**Table 2 - Processors operation costs**

Specie	Quantity collected - dried (kg)	Price paid by processor dried (EUR/kg)	Selling price (EUR)	Total costs (EUR)	Total income (EUR)	Margine
Primula veris	5.000	5,00	6,50	25.000	32.500	30%
Tilia cordata	1.000	5,00	6,00	5.000	6.000	20%
Sambucus nigra	8.000	4,50	5,50	36.000	44.000	22%
Vaccinium myrtillus	2.000	13,20	16,50	26.400	33.000	25%
Juniper communis	12.000	0,80	1,00	9.600	12.000	25%
Rosa canina fructus	16.500	0,40	0,50	6.600	8.250	25%
Malus sylvestris	31.000	0,60	0,80	18.600	24.800	33%

## 4.2 Situation in North Mitrovicë/a

As shown in the Table 3 and 4 below, forest fruits (blueberries, wild blackberries, wild strawberries), as well as wild mushrooms (the chanterelle, king bolete, true morels) are collected in North Mitrovicë/a, while the MAP are collected for private purposes of the collectors and/or are sporadically sold at local markets. In addition, small quantities of wild apples are picked (they are sold in Serbia exclusively), as well as the rose hip, which used to occupy an important place in trade. All products above (except for apples and rose hips) are processed by drying and/or freezing. Smaller quantities are sold as fresh (cool) products in Serbia.

The revenue generated through collecting can be defined as additional to the main income source, although one family (two members included in collecting) can earn 4,000-4,500 EUR<sup>11</sup> on an annual basis, which accounts for about 330-375 EUR net income on a monthly basis. However, by collecting more expensive kinds of NWFP (such as the blueberry), earnings can exceed 7,000 EUR per season (the blueberry picking season lasts about one month).

Table below presents the cost structure of several NWFP species, including the total quantity collected by a collection centers in the region of North Mitrovicë/a and other relevant data.

The total quantity of NWFP collected cannot be precisely determined as there are no specific data per collecting regions, but based on the interviews performed, it is estimated to be between 950t and 1250t.<sup>12</sup>

The farmers who decide to cultivate wild species such as wild strawberries, raspberries or blackberries can count on revenue from 2,400 to 3,500 EUR generated from a 0.1ha plantation; therefore, it can be concluded that from an average area of 0,30ha-0,40ha, the total income can amount between 7,200 to 13,500 EUR.

<sup>11</sup> Data obtained through the interview.

<sup>12</sup> Ibid.

**Table 3 - Collection costs-North Mitrovicë/a**

Specie	Quantity collected - fresh (kg)	Paid by collection center - (EUR/kg)	Daily quantity collected - fresh (kg/day)	Total # working days`	Daily income (EUR/day)	Total income of collectors (EUR)
(Chanterelle) Cantharellus cibarius	90.000	2.2-4.3	3	120	6,6-12,9	1.500
Boletus edulis (cep, penny bun, porcino, or king bolete, usually called porcini);	180.000	1.5-2.5	5.5	120	8,25-13,75	1.200
True morels Morchella fresh	Not available. but >100.000	3.5	5	120	14	2.000
True morels Morchella dried	Not available (not significant quantities)	100	N/A	N/A	N/A	N/A
Wild strawberries (Fragaria vesca)	Not available. but >8 .000	4.5-5.5	3	40	13,5-16,5	600
Wild blackberry (Rubus fruticosus)	Not available. but >100.000	0.8	12	40	9,6	300
Blueberry (Vaccinium myrtillus)	215.000	1.25-2	8-10	60	10-20	900
Common juniper Juniperus communis	160.000	0.7-1.0	50	N/A	16	N/A
Rose hips (Rosa canina)	Not available	0,50	30	90	15	1.000
Wild apple	10.000	0,09-0,13	100	30	9-13	N/A
Cultivated raspberry (sold on the local market)	100.000	N/A	N/A	N/A	N/A	N/A
Other fruits (blackberry, apples, etc..) and other wild species not mentioned above	290.000	N/A	N/A	N/A	N/A	N/A

Table 4 below shows the approximate costs and gross income made by collection centers. Their income depends on the situation on the international market.

The capacity of the international market is large, which is a very good opportunity for the development of collecting activities. It is expected that the EU market, which is generally the final destination for the products from this region, will continue to grow steadily until 2019.

**Table 4 - Processors operation costs -North Mitrovica**

Specie	Quantity collected - (kg)	Price paid by processor (EUR/kg)	Selling price (EUR)	Total costs (EUR)	Total income (EUR)	Margine %
(Chanterelle) Cantharellus cibarius	90.000	2.2-4.3	2.6-5.6	198.000-387.000	234.000-504.000	18-30
Boletus edulis (cep, penny bun, porcino, or king bolete, usually called porcini);	180.000	1.5-2.5	1.5-3.2	270.000-450.000	270.000-576.000	28
True morels Morchella fresh	Not available. but >100.000	3.5	5.0-6.0	350.000	500.000-600.000	42-71
True morels Morchella dried	Not available (not significant quantities)	100	120-140	N/A	N/A	20-40
Wild strawberries (Fragaria vesca)	Not available. but >8.000	4.5-5.5	5.4-7.1	36.000-44.000	43.200-56.800	20-30
Wild blackberry (Rubus fruticosus)	Not available. but >100.000	0.8	0.95-1.05	80.000	95.000-105.000	18-31
Blueberry (Vaccinium myrtillus)	215.000	1.25-2	1.5-2.6	268.750-430.000	322.500-559.000	20-30
Common juniper Juniperus communis	160.000	0.7-1.0	0.85-1.3	112.000-160.000	136.000-208.000	21-30
Rose hips (Rosa canina)	Not available	0,50	0,6-0,65	N/A	N/A	20-30
Wild apple	10.000	0,09-0,13	0,1-0,17	900-1300	1000-1700	11-31
Cultivated raspberry (sold on the local market)	100.000	N/A	2	N/A	N/A	N/A
Other fruits (blackberry, apples, etc..) and other wild species not mentioned above	290.000	N/A	N/A	N/A	N/A	N/A

According to interviews, the main characteristic of local purchasers/processors is that almost all the quantity is sold through major exporters from Serbia; hence the prices are lower than they could be if they were exported to EU directly. However, since the goods are mainly those that should be further processed (lack of processing equipment in the region), the profits made by purchasers/processors are 20% (in their own warehouse) up to 30% ("free delivered" to buyer's warehouse). The processors interviewed have not calculated the cost of processing per kilogram yet, therefore, these data are not available. However, based on the type of production, the main variables in the cost of processing are cost of labour and cost of energy. Investment in maintenance of infrastructure should be added to these expenses. Processing of frozen products is performed only in the plant of "AS Promet", which means more investments as well as a higher price of the final product when entering retail networks. Furthermore, the installation of equipment for small commercial packaging could additionally raise the price of the product.

The selling prices set against the companies in Serbia are on level with average prices in the region. Furthermore, the prices set by Serbian companies on the international market depend exclusively on international market trends and are conditioned by the type and quality of goods, quantity of the charge, the contract period, the contract itself, as well as the origin of goods, sales destination and other parameters. However, generally, it can be said that the average margin realized by Serbian exporters in the EU and Russia is 10%-20%, which means that there is a difference between the price of collecting and the prices at which they are sold on the international market by an average of 45% to 60%.



## 5. DOMESTIC AND EXTERNAL TRADE AND MARKET TRENDS – MARKET ENTRY POINTS AND COMPETITION

The demand for NWFP products is high worldwide. Kosovo exporters sell mostly to Germany as its largest market, Italy - mainly mushrooms and other EU countries. These products are sold as raw material to larger processors of the food, pharmaceutical and cosmetic industries. The demand has increasing trends – specifically, the food industry has increased demand for healthy food items, whereas the pharmaceutical industry is in search of more herbal ingredients. However, simultaneously with the increasing demand of specific products, there are strict quality requirements issued by processors. There is also an increase in the demand for organic products, which presents a problem for Kosovo's processors to meet organic-product requirements. Still, with the improvement of quality standards, Kosovo will open its avenues to the EU market.

The supply of the NWFP in the regional market is dominated by Serbia, followed by the Former Yugoslav Republic of Macedonia. Raw materials are mainly sold to processors or exporters. This has resulted in a positive trade balance for NWFP, which is rare in Kosovo. According to the Eurostat data, in 2014 Kosovo exported 1,255 tons of NWFP at 3.8 million EUR. In the same year, it imported 292 tons at € 0.95 Million EUR. However, considering the problems with data collection, during the presentation of the findings to the actors of the sub-sectors, it was concluded that the value of exports is much higher, mainly due to two reasons – large quantities of the NWFP is exported in Serbia through illegal channels and the products are presented to different Harmonized Codes in the customs so it is difficult to find them in the official statistical data. The table below shows the data from Eurostat.

**Table 5 - Monthly value of NWFP exports and imports <sup>13</sup>**

2014	M1	M2	M3	M4	M5	M6	M7
Monthly import	68.730	79.596	80.917	45.031	85.505	104.201	61.056
	M8	M9	M10	M11	M12	Total	Balance
	82.201	142.806	202.936	-	-	525.036	
Monthly export	M1	M2	M3	M4	M5	M6	M7
	227.294	285.595	59.712	50.156	224.307	341.307	267.203
	M8	M9	M10	M11	M12	Total	Balance
	479.742	1.221.925	639.349	-	-	1.455.574	930.538 <sup>14</sup>

<sup>13</sup> Table 4 and 5 are presenting the seasonal aspect of both imports and exports proving the export orientation of the NWFP sector

<sup>14</sup> Kosovo Customs

**Table 6 - Monthly quantity of NWFP exports and imports**

2014	M1	M2	M3	M4	M5	M6	M7
Monthly import	27	33	15	12	17	43	14
	M8	M9	M10	M11	M12	Total	Balance
	63	35	33	-	-	162	
Monthly export	M1	M2	M3	M4	M5	M6	M7
	65	72	23	33	37	74	45
	M8	M9	M10	M11	M12	Total	Balance
	146	425	335	-	-	906	745 <sup>15</sup>

Information collected from the interviewed stakeholders compared with the official custom data presented in table 5 and table 6, suggests that the official figures underrepresent exports. The presented export value of products is usually lower than the actual price of the material due to taxation purposes. The cultivation has increasing trends – it is the result of signing long term supply contracts of one processor with larger buyers from Germany and Austria.

**Table 7 - Top NWFP import export markets**

PRODUCT <sup>16</sup>	2009	2010	2011	2012	2013	2014
<b>Production (t)</b>	1.650	2.040	2.460	2.860	3.050	3.850
<b>Area Cultivation (ha)</b>	12	30	40	75	175	250
<b>Cultivated (t)</b>	35	95	125	235	540	820
<b>Collected (t)</b>	1.615	1.945	2.335	2.625	2.510	3.030
<b>Export total (t)</b>	1.562	1.887	2.241	2.571	2.629	3.240
<b>Export value (euro)</b>	2.100.000	2.650.000	3.150.000	3.750.000	4.167.000	5.200.000
<b>Importing countries Top 5 (% of the total import)</b>	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands
<b>Exporting countries Top 5 (% of the total export)</b>	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands	Serbia, Germany, Italy, Switzerland, Netherlands

15 Ibid

16 Ibid

## 6. HORIZONTAL AND VERTICAL LINKAGES

### 6.1 Horizontal linkages

<p><b>General findings</b></p>	<p>Vertical linkages in the NWFP sector can serve as an example to all other agricultural sectors not only in Kosovo but in other countries as well. Existing vertical integration models in this sector can be accredited as the main promoter of a steady development of this value chain in the past period. It is impossible to look at this process only from a local perspective. The positive or negative development in the region directly influences the production in Mitrovicë/a. Horizontal linkages, on the other hand, are still a challenge. The small sized enterprises, and the negative impact which the organization of cooperatives in the socialistic period had on the economy, do not contribute towards the establishment of natural horizontal linkages. This process should be supported by suitable institutional financial subsidy measures.</p>
<p><b>South Mitrovicë/a</b></p>	<p>In the last years, the actors participated in different events such as workshops, presentations and participation in fairs locally and internationally, mostly organized and supported by donor projects. Through regular contacts, the actors have started to collaborate much better by sharing information and debating about different issues. Furthermore, last year, the processors and exporters established the association called "Organika" which aims at developing the sub-sector, through the promotion of organically-certified products and through increased investor and stakeholder collaboration. Currently, the association is organizing the presentation of their organic products on the BioFach Fair in Nuremberg, Germany, the largest fair for organic products. The participation in this fair is cofinanced by GIZ and the participants themselves. There is no collaboration or association of other actors for improving horizontal links.</p>
<p><b>North Mitrovicë/a</b></p>	<p>On the target territory, there is just one agricultural cooperative in the municipality of Zubin Potok, but this cooperative is structured and developed like a company, so we cannot identify it as a typical cooperative. There is an idea to establish a cooperative in North Mitrovicë/a, but no concrete steps have been taken.</p> <p>The processors collaborate (sometimes they inter-trade the purchased products or they make a strategy about who will buy which kind of products in the region), but the cooperation is sporadic and informal. Interviews suggest that cooperation between processors is possible with some external mediation since the stakeholders are aware of the benefits of an association (cluster) of collectors, processors and other relevant stakeholders.</p> <p>Companies from Serbia would also be willing to participate and become members of the association and/or cluster which would connect all relevant interested parties in the region based on economic interests.</p>

## 6.2 Vertical linkages

<p><b>South Mitrovicë/a</b></p>	<p>Vertical linkages are quite developed and the flow of information is easy. As a result of improved access to export markets, the processors have developed linkages with collection centres and collectors quite fast. The value chain is fully integrated: the processors have already made majority of investments and they are taking most of the risks by pre-financing all operating activities, including collection, aggregation and basic processing. Most of them purchase products before they have secured the market which, according to them, exposes them to considerable risks but it is the only way of keeping the sub-sector running.</p> <p>A good example of improved vertical linkages is company Agroproduct from Istog/Istok, which also operates in Mitrovicë/a region. This company provides the planting material, seedlings, and on-farm advice to farmers for the cultivation of the MAP, guaranteeing the buyout of their complete production – it is a perfect example of an organized vertical integration model of production. At the same time, following the requirements of the organic certification, the company signs contracts with collection centres for supplying collected wild NWFP products. This model is rare in the whole Balkan region and it has helped develop the whole value chain – it is a model that should be replicated.</p> <p>The main Kosovo processors transfer the information on quantities, prices and quality requirements demanded to the collection centres and through them to collectors. In addition, they provide technical information regarding the description of the species, calendar of harvest, kinds of plants to be collected and post-harvest handling, with the support of the development project but recently, by distributing their own booklets and brochures to the collection centres and collectors.</p>
<p><b>North Mitrovicë/a</b></p>	<p>There seems to be no (formalized) associations or joint business ventures between purchasers/processors. The flow of goods on the regional market is well organized and is usually based on the price offered by different bigger regional wholesalers. During the top season, the NWFP price usually fluctuates daily, so the established links with the bigger regional wholesalers are always considered as a big advantage in this business. Business relations between players tend to be informal, based on trust and stable long-term collaboration, rather than contracts. However, the importance of contracting seems to be catching up with businesses in the NWFP sector, especially for larger buyers that want to secure the goods beforehand, and be more competitive regarding the foreseen quantities.</p>

## 7. KEY ISSUES IDENTIFIED FOR THE TARGET REGION

### 7.1 Strengths

- Sector completely export oriented - 80-90% of the total production in this VC is exported mainly to Serbia, Germany, Italy, Switzerland and the Netherlands<sup>17</sup>.
- Large variety of MAP and berries available for collection in the target area – potential to increase the collection of both berries and MAP. MAP currently not collected in Northern Mitrovicë/a.
- Proximity to major markets.
- Tradition in NWFP collection.
- Existing vertical integration with a network of cultivators, collection centres and proximity of collection areas – Agroproduct Company from Istog/Istok is the largest buying centre with guaranteed prices, more than 40 collection centres, 3,250 subcontractors<sup>18</sup>, a number of cultivators on contract, own production of seedling material and developed system of extension services (valid mainly for South Mitrovicë/a with the potential for replication in the North Mitrovicë/a).
- Significant investment in the sector - processing of MAP, production of MAP seedling material, modern plant protection measures, conversion to cultivation (mainly in South Mitrovicë/a).
- Areas under cultivation are increasing - the current collection- cultivation ratio is 70%-30% in favour of collection but with increasing investment in the cultivation fraction.<sup>19</sup>

### 7.2 Weaknesses

- Access to capital - Expensive investment loans (South Mitrovicë/a) or no access to loans (North Mitrovicë/a).
- Lack of information within the VC stakeholders in the North and South - actors of the same value chain have different or no information regarding the development of the sector. Flow of information is particularly low between North and South Mitrovicë/a.
- Poor road infrastructure – reduces the quality of the collected or cultivated berries during transportation.
- Lack of sustainable system of farm extension services – The current support structure provided by IADK depends on the donors' assistance. The Agroproduct integration model provides some services, but only to farmers that have contracts with it. Presently, there is no functioning institutional system of extension services.
- Limited number of active companies in the sector – A small number of larger cold stores located in the region with capacities to provide postharvest operations.
- Weak links between education institutions, control institutions and companies – no formal cooperation between the SMEs and university programs, limiting the potential for the introduction of new production technology.

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17 Kosovo Customs

18 Field Interviews

19 FG Discussions

- Limited number of cultivators and relatively small farm size – cultivation of berries and MAP is a relatively new activity applied on small demonstration plots, with the average size of 0.1ha and a small number of farms involved in the process.
- Discontinuity in the tradition of collection of NWFP in North Mitrovicë/a and limited knowledge about the collecting process and existing biodiversity on the field – structured training programs are not available for collectors, resulting in reduced collection activities. MAPs are not collected at all in North Mitrovicë/a due to the collectors' lack of knowledge and lack of connections with potential buyers.
- Focus on low value-added products - products from this sector are mainly used as raw material for further processing, rarely initiating local processing.
- Limited number of MAFRD grants to support development of the agribusiness sector - MAFRD pays subsidies to farmers and producers, but with limited support to targeted VC. Farmers in North Mitrovicë/a currently do not receive support from MAFRD.
- Limited number of certified companies for organic production.
- Lack of food safety mechanisms (North Mitrovicë/a).
- Lack of suitable equipment for post-harvest handling of products

### 7.3 Opportunities

- Increased worldwide demand for these products.
- Growing global demand for organic food and drinks and global berries market - according to latest available data from the worldwide report, it was noted that annual growth rate of organic food and drinks on the global market is +12.8%.
- Existing system of local production of MAP seedling material for local cultivators (South Mitrovicë/a).
- Low cost labour - The average gross wage in Kosovo is 372EUR<sup>20</sup>
- Liberal trade regime – Access to EU markets - Kosovo is a member of the Central European Free Trade Agreement (CEFTA) resulting in free access to the regional market, yet non – reciprocal trade regime with EU countries.
- Favourable tax policy – Kosovo has a flat-rate taxation system that is simple and reduces the tax burden for individuals and businesses.
- High quantity demands on export markets and competitive process - importing partners sign 3-5 year contracts with the exporter, in which the quantities and prices are guaranteed.
- Initiation of essential oil production from different MAPs in Northern Mitrovicë/a - Can initiate the collection and cultivation of MAP in this region.

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20 <http://hdr.undp.org/sites/default/files/khdr2014english.pdf>

## 7.4 Threats

- Business Environment - Legal framework that currently does not provide monitoring mechanisms, sustainable collection practices, collection licenses or collection quotas that should ensure protection of the biodiversity in the region.
- Deforestation and uncontrolled collection resulting in destruction of biodiversity.
- Climate changes – Influencing drastically the availability of products and potentially reducing collection rates.
- Migration from rural to urban areas and migration of the young population from the mountainous regions – reducing the number of people that could be active in both cultivation and collection practices in this sector.
- Restarting the Trepça/Trepča factory operations – pollution of the environment, reducing the quality of the collected products.

## 8. CONCLUSIONS AND RECOMMENDATIONS FOR THE IMPROVEMENT OF THE SECTOR

### 8.1 Improved Business Environment

#### 8.1.1 Issue

Establishment of mechanisms for sustainable management, monitoring and control of the forest natural resources.

#### Conclusions

Any control mechanisms for the current collection practices, licenses for collectors, permits for the establishment of collection centres or protection collection quotas for certain endangered MAPs could not be identified. Prior to 2009, the project of initial mapping of the territory of Kosovo related to the availability and distribution of NWFP products was initiated supported by donors. Although insufficiently detailed and did not cover North Mitrovicë/a, this process has laid the foundation for the development of appropriate control mechanisms and development of quota for certain products that are considered endangered species.

#### Possible solutions

- To support **NWFP mapping process** in the target region in coordination with other relevant organizations in direct cooperation with NGOs active in the region. This process should be organized in coordination with the local institutions and the existing universities in the Mitrovicë/a region that will provide ownership of the results achieved.
- Facilitation of the process of **development of appropriate legal framework** that should result in the development of appropriate monitoring and control mechanisms in line with the National NWFP strategy. This process should be led by relevant central institutions but at the same time should ensure active participation of SMEs, local institutions and public organizations. The new legal framework should consider the establishment of collection licenses, rules for the operations and management of collection centres, regulation of the processors and contracts between collectors and processors, establishment of collection quotas and mandatory training for the collectors.

#### 8.1.2 Issue

To ensure a better flow of information in the value chain, which in turn would provide better utilization of the available resources and improved cooperation between SMEs in North and South Mitrovicë/a.

#### Conclusions

There are many donors and institutions currently supporting this sector. The main perception is that these activities are often overlapping without upgrading each other's results. The National Strategy on non-wood forest product sector in Kosovo 2014-2020 provides some directions for



the coordination of all support structures, attempting to define their roles in the system. All local stakeholders, depending on their role in the system, should make efforts to align their activities with the adopted national strategy.

#### Possible solutions

- To support the development of **a medium term strategy for the development of the NWFP sector in one municipality of the target region** in line with the National Strategy for the development of NWFP. This Strategy should consider participation of all relevant local stakeholders, define the role of the municipality in the future development of the NWFP sector and should serve as an example for the other municipalities in the target region.

### 8.1.3 Issue

To improve the mapping of all relevant stakeholders in the Mitrovicë/a region.

#### Conclusions

Any formal registry of companies active in the Mitrovicë/a region could not be identified. This problem is even more pronounced in the exchange of information between North and South Mitrovicë/a. During the survey, the Project Team could not identify any collection of medicinal and aromatic plants (MAP) in North Mitrovicë/a even though there is a guaranteed price for the buyout of MAP from several companies in South Mitrovicë/a. During the survey, several significant investments in this sector on the ground were witnessed (e.g. a factory for the production of essential oils in Leposaviq/Leposavić/); new medicinal and aromatic plants drying installation in Istog/Istok that directly depend on the collection of appropriate information for the available products and collectors in the region and the organization of collection of sufficient quantities of MAP.

#### Possible solutions

- **Development of a relevant stakeholder registry** in cooperation with the local institutions and existing NGOs in the target region. This registry should improve the information flow in the value chain as well as the cooperation between North and South Mitrovicë/a.

### 8.1.4 Issue

To improve the coordination of the activities between all stakeholders in the Mitrovicë/a region.

#### Conclusions

During the research, it was identified that the level of collection and processing of NWFP and the level of organic agriculture production was limited (0.03% agricultural area and only 10 producers in the whole territory). In the last few years, different donor programs contributed to the sector development in the targeted area but the local development strategy has never been formalized, planned and complied between all stakeholders in the process. Because of that, the investments in this sector are not managed in the most effective and efficient way. For this reason, it is necessary to systemize the management of this sector including all interested parties (local institutions, economy, donor organizations, education organizations, etc.).

### Possible solutions

- **Establishment of a Regional Centre for the development of NWFP and organic agriculture**, the goal of which would be the organization, guidance and coordination of stable development of these sectors through the support and/or realization of activities, providing good services to the donor organizations, attracting investments in the Mitrovicë/a region, utilization of EU funds that support organic agriculture, cooperation and implementation of national policies for the sector, launching projects in order to improve the efficiency of the invested as well as implemented activities, establishing links between all stakeholders in the identified VC, cooperation with educational organizations, initiating activities for the development of the sector, promotional campaigns, support to the market of NWFP and organic products, development of a team for consultant and advisory services and other activities for the improvement of the sector.

## 8.2 Improved Horizontal & Vertical Linkages

### 8.2.1 Issue

Replicate successful vertical integration models functioning in the NWFP sector

### Conclusions

The company Agroproduct is one of the leaders in the process of cultivation and processing of medicinal and aromatic plants in Kosovo. Although not located in the Mitrovicë/a region, it has developed a network of cooperants throughout Kosovo, some of which are located in the Mitrovicë/a region. This company is engaged both in purchasing collected MAPs and actively supporting the cultivation of MAPs, organizing a system of a complete vertical integration system, including seedlings production and distribution to cooperant farmers, provision of extension services to the cultivators, contracting cultivators and guaranteeing the buyout on the basis of a pre-agreed price. The characteristics of this production are suitable for the type of agricultural households existing in the Mitrovicë/a region and can provide a family livelihood that otherwise would be difficult with other agricultural products. This vertical integration model is rarely seen in the region and it can be used as a positive example to be replicated for the production of berries.

### Possible solutions

- To support the **further development of the existing medicinal and aromatic plants collection and cultivation activities**. Spreading these activities to the North Mitrovicë/a region, including new collectors or cultivators, can provide livelihood to many families in this region. Replication or further development of the Agroproduct model should be considered in this process.
- In partnership with selected SMEs or NGOs in the target region, **support development of a vertical integration model in the berries production** using the experience of Agroproduct in the production of medicinal and aromatic plants. This system should be based on the positive example and adapted to the specifics of the region.
- To support the initiation of a production of essential oils in Leposaviq/Leposavić, through the organization of a network of collectors and cultivators in the South and North Mitrovicë/a re-

gion. The construction of a processing plant for production of essential oils and procurement of processing equipment is currently in the final phase. This company will require substantial support in raw material production through the organization of collecting or cultivating activities.

- In partnership with the **identified international importers, to facilitate the targeted production of forest strawberries**, according to the requirements of the export market. There is a significant demand for forest strawberries (both fresh and frozen) in the EU market. The Project Team was able to identify few test productions of forest strawberry in the Mitrovicë/a region. This process will require identification of the local stakeholders that should coordinate the local farmers, provide suitable warehousing conditions and organize the production locally. Establishing direct links with international buyers will ensure access to some export markets and organization of the production according to the requirements of those markets.

## 8.2.2 Issue

To support the development of a model cooperative as an effective tool for improving the horizontal linkages between farmers in the region.

### Conclusions

Currently, there are no functional modern cooperatives in the Mitrovicë/a region. Several cooperatives that are functioning in North Mitrovicë/a have lots of issues related to the current privatization process; their organization and functions are drastically different from the operations of modern cooperatives. The type of production and the characteristics of local farms suggest that initiating a modern cooperative could improve the competitiveness of small farmers. This is especially relevant for the organization of the cultivation practices. The establishment of cooperatives in an environment where there is very little trust or a questionable legal framework is a difficult task that would require significant expert support.

### Possible solutions

- Supporting, on a pilot basis, the **development of a model cooperative with all characteristics of a modern production cooperative**. This structure should provide cheaper production inputs, increase member-farmers' sales, provide extension services to its members and improve their bargaining power with processors and/or traders. The established model cooperative should serve as an example to other initiatives in Mitrovicë/a.

## 8.3 Improved Marketing of VC stakeholders

### 8.3.1 Issue

To support the process of finding appropriate markets for berries.

### Conclusions

Currently, exporters make their business decisions based on insufficient understanding of specific markets and market segments, unconfirmed information on competitors and price-positioning that reduces the likelihood of developing a successful export plan. One of the biggest problems related to the production of berries (collection and cultivation) is limited local markets due to

product specifications. The cultivation of berries in the past few years has increased considerably. As the local production grows, the domestic market will not be able to receive all of the domestic production. In order to continue the current expansion trends, it is crucial to consider exporting to other markets.

#### Possible solutions

- To support the **development of international markets entry studies** that should help local producers and traders identify suitable export markets for berries. This process will also require the identification of export markets that could accept Kosovo products. This process should also draft the conditions that have to be satisfied for the targeted export markets.
- To support **regional branding initiatives for targeted NWFP products** providing some added value for the selected products. Increasing the demand for the product, or increasing the value of the product through the establishment of a regional brand, should result in increased return for farmers in the region.

### 8.3.2 Issue

To improve the knowledge of Kosovo exporters related to appropriate export markets.

#### Conclusions

Solving this issue will require conducting of a comprehensive research that results in the selection of appropriate export markets that correspond to the specifics of Kosovo's production. This process should also support the development of relevant linkages with potential buyers from identified markets. In cooperation with the existing trade association, other fairs could also be identified as a potential place for the representation of Kosovo producers. It is important that the selection of these fairs is based on a definite developed strategy for the penetration on suitable export markets where Kosovo products have some potential for expansion.

#### Possible solutions

- To support the **organization of buyers' missions to selected NWFP processors or exporters**. This process should improve the linkages between the local producers and potential importers from selected markets.
- In cooperation with other donors, support the **organization of an Institutional Stand on BioFach or other trade fairs**. These events should help the process of establishing contacts with potential buyers and partners and create future strategic partnerships. This will also provide access to the most recent know-how in organic agriculture, new improved technologies and management practices.
- To support the **organization of study trips** for selected producers in the region. This process should improve their knowledge and assist the process of establishing partnership with potential importers.

## 8.4 Improved SMEs Production

### 8.4.1 Issue

Improving the system of extension services to the farmers in the region.

### Conclusions

Currently, we could not identify any formal system of extension services in the target region. The lack of extension services decreases the capacity and competitiveness of Kosovo farmers. The development of a cost effective and sustainable system of extension services that will serve the needs of local farmers should be one of the primary goals of any support intervention.

### Possible solutions

- Consider the **development of a cost-effective sustainable model of extension services** upgrading the existing local extension service initiatives. Currently, initiatives such as IADK's extension services depend on donors' assistance without which, since they are structured, they have limited possibilities of surviving. The system of extension services should enable strengthening farmers' knowledge through transferring and replicating positive regional experiences using technology or alternative communication processes.
- Consider the **development of a medium term strategy for the laboratory in the Technical University of North Mitrovicë/a**. The idea of establishing a laboratory at the Technical University of North Mitrovicë/a is in an initial phase. The concept is to provide support for better utilization of the available resources so better accommodation of this laboratory in the Kosovo NWFP legal framework should be a priority.

## 8.4.2 Issue

Improving the competitiveness of the local products through the improvement of the post-harvest operations.

### Conclusions

During the visit, the team identified limited post-harvest activities that may enable higher value for the product and possibilities for targeting developed EU markets. Companies, such as AS Promet from Leposavić/Leposaviq or Agroproduct from Istog/k, have already started introducing some post-harvesting operations but even in these cases their final product is still considered raw material for further processing. The identification of local leaders in the target region that are interested in improving their postharvest handling operations should improve the quality of the domestic production.

### Possible solutions

- To support the **introduction of improved post-harvest operations (*cleaning of blueberries, drying of berries and/or mushrooms, better packaging, improved sorting and calibration, storing etc.*) using advanced technology and equipment** for selected SMEs. This process should result in the establishment of a system of advanced post-harvest mechanisms that will improve the value of the product. This process should be supported through providing adequate technical support and equipment. Whenever possible, this model should be replicated in other companies of the region.
- To support the **preparation of technical promotional material describing advanced processing technologies**. This material should target the local processors, providing them with adequate information related to new processing technologies.

### 8.4.3 Issue

To support the local operations for the production of seedlings material.

#### Conclusions

During this survey, the team identified a few domestic initiatives for the production of seedling materials. Increasing capacity, quantity and quality of the domestic production of seedlings will result in improved competitiveness of domestic farmers. Lack of good quality seedlings is one of the main limiting factors for achieving higher growth of the berry-cultivating sector.

#### Possible solutions

To support the **domestic production of seedling material for berries and for medicinal and aromatic plants** and linking the operations of domestic seedling producers with international recognized seedling production centres. This strategy will ensure transfer of technology and production of new varieties of seedlings providing better value for local farmers. This should also be combined with the provision of extension services to farmers.

### 8.4.4 Issue

To increase the cultivation of berries and medicinal and aromatic plants and initiate organic production.

#### Conclusions

The number of cultivators in Kosovo is growing, due to the assistance received from different donor organizations. Currently, the level of organic production is very low (0.03% of the available area and about 10 identified producers). The cultivation of berries does not require big plots and it tends to depend on large families that could be engaged in production (i.e. it is a labour-intensive activity). As a result of different donor projects, the production of strawberry in Kosovo has grown considerably in the past 10 years. In the past period we could also witness a trend of increased cultivation of different berries (mainly raspberry and blackberry) that appear to be suitable for Kosovo climate conditions. The continuation of this positive trend would require achieving some economy of scale that will enable further growth of the sector.

#### Possible solutions

- To facilitate an increase in the number of cultivators through **establishing a number of demonstration plots in cooperation with the existing processors**. These farms should serve as promotional and training points, presenting advanced agricultural practices and promoting the cultivation of new varieties and model organic production plots for selected products. This process should be coordinated with the existing SMEs interested in establishing contract relations with farmers, guaranteeing buyout and providing support in the production process.
- To support the organization of **organic berries production on a pilot basis**. This process should ensure identification of suitable products that have a guaranteed local market, increase the awareness of the domestic consumers for the advantages of the organic production, provide support to the identified local producers for the organization of an organic

production, prepare suitable technical guidelines and provide support in the organic certification process.

- To prepare a set of adequate **technical video materials describing the cultivation process**. The preparation of this material should be done in consultation with the interested integrators.
- To consider the **establishment of a technical information system** that may provide adequate advice to the farmers in the region related to using adequate pesticides, fertilizers or implementation of different measures in the process of cultivation depending on the climate conditions in the region. This process would require setting a network of local meteorological stations, procurement of suitable software and organization of an information dissemination process that should attempt to directly target the majority of local cultivators.

## 8.5 Improved Access to Capital

### 8.5.1 Issue

To improve the capacity of SMEs related to application for grants.

#### Conclusions

There are several existing grant support structures developed to increase competitiveness of the SMEs in Kosovo. During the survey and the discussions with the SMEs, it was clear that there is a big confusion and lack of information regarding the grant process, implemented either by some donor organizations or agencies led by central institutions. The applicants often lacked understanding of the selection process, type of information necessary to prepare winning proposals, or knowledge to put their ideas on paper. Owners of the companies often have a misconception of the grant distribution process and do not understand the importance of selecting suitable consultants, able to prepare appropriate grant applications. In addition, applicants often lack a strategic development plan which prevents them from preparing the application documents. The existing support structures (individual consultants, NGOs or consulting companies) are not developed properly yet to be able to assist the needs of these companies. Educating the SMEs and training the support structures should be one of the priorities if we want a sustainable use of the available financial support schemes.

#### Possible solutions

- To improve the local knowledge for the **preparation of Grant Application documents**. In cooperation with NGOs active in the region, suitable training events and support preparation of applications should be developed on a pilot basis
- To organize **capacity building programs** for the local NGOs, consulting companies or local consultants for the preparation of adequate grant application proposals in the NWFP sector.

### 8.5.2 Issue

To improve the current institutional program for a support of companies active in the NWFP value chain.

### **Conclusions**

Considering the size of the farmers in the target region, providing continuous financial support should ensure some long term sustainability of this sector. Structuring the assistance provided to institutions properly and directing it to the right farmers is always a challenge. Currently, the projects supported are funded 60% by Kosovar institutions and 40% by beneficiaries. Currently, they are supporting collectors with grants from 5,000 EUR to 30,000 EUR as part of the IPA Measure 302. At the same time, the institutions consider the NWFP sector and its cultivation as one of the strategic sectors of Kosovar agriculture.

### **Possible solutions**

- **To analyse current Kosovo institutional financial support mechanisms** and propose improvements. This should be a continuous process providing constant feedback to the institutions for the effectiveness of the provided support measures and proposing concrete improvements of this process. The whole process should be managed by the local NGOs in coordination with the SMEs from the region.



## Annex 1 - List of Interviews

	Name and Surname	Institution/Organization	Sector	Location
1	Kastriot Këpuska	TEB Bank	Bank	Prishtinë/ Priština
2	Ganimete Rexhepi	Vijator	Transport	Prishtinë/ Priština
3	Armend Hoxha	ProCreditBank	Bank	Prishtinë/ Priština
4	Benar Kelmendi	Intereuropa	Transport	Prishtinë/ Priština
5	Nusrete Doda Gashi	Ministry of Agriculture, Forestry and Rural Development	Kosovo Institutions	Prishtinë/ Priština
6	Faruk Bojaxhi	Kosovo Forest Agency	Kosovo Institutions	Prishtinë/ Priština
7	Fadil Millaku	Faculty of Biology, Botany Department	University Hasan Prishtina	Prishtinë/ Priština
8	Visar Idrizi	Vi-Print	Design and Print company	Mitrovicë/a
9	Benar Kelmendi	Intereuropa	Transport	Prishtinë/ Priština
10	Alban Dedi	Kanun	Marketing and Advertising	Prishtinë/ Priština
11	Fatmir Selimi	USAID NOA	USAID Contractor ARD	Prishtinë/ Priština
12	Vlora Basha	Index Kosova	Research Institution	Prishtinë/ Priština
13	Hysni Veseli	Hysi	Collection Centre NWFP	Vushtri/ Vuçitër
14	Halit Avdijaj	Agroproduct	Exporter NWFP	Istog/k
15	Xhemshit Veliu	AgroFlorentina	Collection Centre NWFP	Polac
16	Zenel Bunjaku	IADK	NGO	Vushtri/ Vuçitër
17	Bedri Bajrami	Municipality of Mitrovicë/a	Kosovo Institutions	Mitrovicë/a
18	Adem Fejzullahu	Bajgorë/Bajgora	Collection center	Bajgorë/ Bajgora
19	Halid Avdiaj	Agrosuna	Cold storage/ collection center	Istog/k
20	Nebojsa Arsić	University of Prishtinë/Priština	Education	Mitrovicë/a
21	Aleksandar Ristovski	University of Prishtinë/Priština	Education	Mitrovicë/a
22	Miljojko Petrović	Municipality of Leposaviq/Leposavić	Kosovo Institutions	Leposaviq/ Leposavić
23	Aleksandar Djukic	Faculty of Agriculture, University of Prishtinë/Priština	Education	Mitrovicë/a
24	Ivan Milojević	Peppermint	Processor etheric oil	Leposaviq/ Leposavić
25	Časlav Radosavljević	GRM Impeks	Cold storage	Mitrovicë/a

26	Dragan Vučković	Collection Center Leposaviq/Leposavić	Collection center	Leposaviq/ Leposavić
27	Miodrag Vučković	Collection Center Leposaviq/Leposavić	Collection center	Leposaviq/ Leposavić
28	Goran Vučković	Collection Center Leposaviq/Leposavić	Collection center	Leposaviq/ Leposavić
29	Dushko Minić	University of Prishtinë/Priština	Education	Mitrovicë/a
30	Rade Utvić	Utvić cooperation	Cold storage/ collection center	Zubin Potok
31	Ivan Vukočić	AS-Promet	Cold storage/ collection center	Leposaviq/ Leposavić
32	Dori Pavlovska Georgievska	IBCM	Education	Mitrovicë/a
33	Dragan Stanojević	Vule Komerc	Processor	Leskovac
34	Jelena Nenić, teknolog	FUNGO-JUG Leskovac	Processor	Leskovac
35	Mijodrag Nedeljković	STRELA	Processor	Leskovac
36	Radiša Petrović	Radiša Export Import doo	Processor	Kuršumlija
37	Milan Živković	Regional Fruit Cluster for South Serbia	NWFP Sector	Leskovac
38	Dragan Stanojević	Vule Komerc	Processor	Leskovac
39	Jelena Nenić, teknolog	FUNGO-JUG Leskovac	Processor	Leskovac
40	Mijodrag Nedeljković	STRELA	Processor	Leskovac
41	Radiša Petrović	Radiša Export Import doo	Processor	Kuršumlija

## Annex 2 - Donor Programs for the NWFP sub-sector<sup>21</sup>

Donor	USAID
<b>Project</b>	Kosovo Business Service, implemented by Chemonics International, Inc.
<b>Period of implementation</b>	2000 – 2003
<b>Budget</b>	N/A
<b>Area of operations</b>	Kosovo wide
<b>Major accomplishment</b>	<ul style="list-style-type: none"> <li>- Different studies for both production and market of herbs</li> <li>- Capacity building for cultivation of herbs</li> <li>- Capacity building for wild mushroom regarding collection, post-harvest and marketing</li> <li>- Links developed with regional processors</li> <li>- Study tour in region</li> </ul>
Donor	Swiss Government
<b>Project</b>	Horticulture Promotion in Kosovo, implemented by Intercooperation
<b>Period of implementation</b>	2002 – 2012
<b>Budget</b>	500,000 EUR
<b>Area of operations</b>	Kosovo wide
<b>Major accomplishment</b>	<ul style="list-style-type: none"> <li>- Introduction of cultivation of at least five species</li> <li>- Establishment of a processor</li> <li>- Establishment of at least 10 collection centres</li> <li>- Increase human capacities for production and processing of medicinal and aromatic plants</li> <li>- Development of Inventory of NWFP (excluding mushrooms)</li> <li>- Initiation of organic certification – three companies certified</li> </ul>
Donor	Dutch Government
<b>Project</b>	Regional Economic Growth for Stabilization REGS – Implemented by CARE Kosovo
<b>Period of implementation</b>	2004 – 2010
<b>Budget</b>	1.6 million EUR
<b>Area of operations</b>	Kosovo wide
<b>Major accomplishment</b>	<ul style="list-style-type: none"> <li>- Establishment of 10 collection centres by supporting them with driers and post-harvest equipment</li> <li>- Production of brochures for identification of medicinal plants</li> </ul>
Donor	German Government
<b>Project</b>	“Promotion of competitiveness of Private sector in rural areas”, implemented by GiZ
<b>Period of implementation</b>	2006 – 2014
<b>Budget</b>	N/A
<b>Area of operations</b>	Kosovo wide
<b>Major accomplishment</b>	<ul style="list-style-type: none"> <li>- Marketing studies for the NWFP sub-sector</li> <li>- Visits and exhibition of NWFP processors to at least 10 international fairs e.g. BioFach fair</li> <li>- Capacity building of processors for marketing of products in export markets through trainings and study tours</li> <li>- Development of red book of medicinal species</li> <li>- Development of national strategy for NWFP sub-sector in collaboration with MAFRD and MESP</li> </ul>

21 The list of projects and donors is non-exhaustive

<b>Donor</b>	<b>USAID</b>
<b>Project</b>	Kosovo Private Enterprise Program, implemented by Booz Allen Hamilton
<b>Period of implementation</b>	2008 – 2012
<b>Budget</b>	17.3 million USD – the whole project
<b>Area of operations</b>	Kosovo wide
<b>Major accomplishment</b>	<ul style="list-style-type: none"> <li>- Establishment of cold chambers</li> <li>- Support for implementation of the HACCP standard</li> <li>- Participation to International fairs e.g. Fancy food fair US</li> <li>- Study tour in region and EU</li> </ul>
<b>Donor</b>	<b>Government of Finland</b>
<b>Project</b>	Preparatory Assistance Dragash/š
<b>Period of implementation</b>	2008-2010
<b>Budget</b>	403,623 EUR
<b>Area of operations</b>	Municipality of Dragash/š
<b>Objective</b>	<p>Creating framework for sustainable development of Dragash/š municipality and reduce bio-diversity loss. Purpose is that at the end of project period, the target communities will enable to identify women's needs and problems and take the necessary action in a community based approach in a participatory way.</p> <p>Project provided support to the establishment of Sharrprodhimi Stewardship Authority by assisting in the formulation of an integrated development strategy as well as implementing a series of pilot activities that contributed to creating a sustainable development framework for Dragash/š municipality.</p>
<b>Donor</b>	<b>Government of Finland</b>
<b>Project</b>	Agriculture Development / Social Development Programme in Kosovo
<b>Period of implementation</b>	2008-2010
<b>Budget</b>	1.2 million EUR
<b>Area of operations</b>	Mitrovicë/a Region
<b>Objective</b>	<p>Agriculture development: Develop the Northern Kosovo agricultural sector's productivity and quality of produce, provide opportunities for further processing, to increase rural income and to ensure that these activities are carried out following normal business procedures.</p> <p>Social development programme: Ensure the empowerment of women, gender, and equality in 15 rural villages in Northern Kosovo through training, income generation activities, awareness raising, mobilization, effective community participation and networking.</p>
<b>Donor</b>	<b>Government of Finland</b>
<b>Project</b>	Sustainable Development in Dragash/š
<b>Period of implementation</b>	2009-2013
<b>Budget</b>	2.9 million EUR
<b>Area of operations</b>	Municipality of Dragash/š
<b>Objective</b>	Provide continuing support to the establishment of a sustainable development framework for Dragash/š Municipality, one of the poorest municipalities in Kosovo, and where biodiversity valuable for Kosovo and for South East Europe exist.
<b>Description</b>	Promote sustainable development focusing on: i) the conservation of biodiversity; ii) the re-establishment and development of improved local businesses based on sustainable land use; iii) environmentally sound energy services and sustainable development principles; and iv) improved capacities and empowerment of local government community leaders and women to promote development in collaboration with central level sectors.

<b>Donor</b>	<b>USAID</b>
<b>Project</b>	New Opportunities for Agriculture, implemented by TetraTech
<b>Period of implementation</b>	2011 – 2015
<b>Budget</b>	17.3 million USD – the whole project
<b>Area of operations</b>	Kosovo wide
<b>Major accomplishment</b>	<ul style="list-style-type: none"> <li>- Support for cultivation of over 100 ha chamomile</li> <li>- Establishment of 2 machinery rings for cultivation and harvesting of chamomile</li> <li>- Participation to International fairs e.g. BioFach, Germany</li> </ul>
<b>Donor</b>	<b>Government of Finland</b>
<b>Project</b>	Training of Agricultural Advisors in Kosovo
<b>Period of implementation</b>	2011-2013
<b>Budget</b>	353,000 EUR
<b>Area of operations</b>	Kosovo wide
<b>Overall aim</b>	Develop employment opportunities within the field of agriculture through building the capacity of the existing agricultural advisory system
<b>Outputs</b>	<p>1) Primarily by strengthening the capacity of 20 Agricultural advisors from 3 municipalities (Vushtrri/Vučitrn, Skënderaj/Srbica and Fushë Kosovë/Kosovo Polje) and secondly the Ministry of Agriculture, Forestry and Rural Development (MAFRD) as well as the Agriculture and Veterinary Faculty of the University of Prishtinë/Priština in Kosovo.</p> <p>2) Increase sales and improve livelihoods of farmers and other value chain actors in milk sector with market and technical potential.</p>
<b>Donor</b>	<b>Government of Finland</b>
<b>Project</b>	Aid for Trade
<b>Period of implementation</b>	2012-2016
<b>Budget</b>	1.4 million EUR
<b>Area of operations</b>	Kosovo wide
<b>Objective</b>	<p>The overall development goal of the Aid for Trade project is to foster sustainable and inclusive economic growth, through the promotion of trade and the enhancement of Kosovo's competitiveness. Acknowledging the importance of trade and industry in emerging economies and their positive influence over employment and poverty reduction trajectories, project focuses on concrete interventions required to improve Kosovo's long term trade and economic performance by strengthening capacities to participate in and benefit from international trade.</p> <p>Aid for Trade project provides technical assistance and supports capacity development for the Ministry of Trade and Industry (MTI) to develop and implement evidence-based and pro-poor trade reforms. Together with small and medium enterprises and farmers operating in the Economic Region South (ERS) and Mitrovicë/a region, the project works to raise productivity, employment and entrepreneurship, in a gender-responsive manner, and contributes to improved livelihoods.</p>

## Annex 3 - References

1. Baseline Assessment of the Economic Region South - published by UNDP, 2014
2. Conference on the Role of Women in Forestry in Kosovo – published by Ministry of Agriculture, Forestry and Rural Development, Kosovo, 2013
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