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MID-TERM PERFORMANCE EVALUATION OF THE NEW OPPORTUNITIES FOR AGRICULTURE (NOA) PROJECT IN KOSOVO

February 2014

This publication was produced at the request of the United States Agency for International Development. It was prepared independently by Mendez, England & Associates.

MID TERM PERFORMANCE EVALUATION OF THE NEW OPPORTUNITIES FOR AGRICULTURE PROJECT

Final Report

Prepared under Task Order No: SOL-167-14-000001

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USAID/Kosovo Country Office

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ACRONYMS

ADA	Austrian Development Aid
AES	Agricultural Extension Service
COP	Chief of Party
B2B	Business to Business
DCA	Development Credit Authority
EAU	Economic Analysis Unit
EU	European Union
FGD	Focus Group Discussion
FTE	Full Time Equivalent
FtF	Farmer to Farmer
FVD	Food and Veterinary Department
FY	Fiscal Year
GEM	Gender Empowerment Matrix
GlobalGAP	Global Good Agricultural Practice
GoK	Government of Kosovo
HACCP	Hazard Analysis and Critical Control Points
IMF	International Monetary Fund
IPM	Integrated Pest Management
ISO	International Standards Organization
KAMP	Kosovo Association of Milk Processors
KDPA	Kosovo Dairy Producers Association
KPEP	Kosovo Private Enterprise Program
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MAP	Medicinal and Aromatic Plants
ME&A	Mendez England & Associates
MoF	Ministry of Finance
MoT	Ministry of Trade
Mt	Metric Ton
NOA	New Opportunities for Agriculture Project
PePeKo	Association of Kosovo Food Processors
PMP	Performance Management Plan
RFTOP	Request for Task Order Proposal
SOW	Scope of Work
TRMS	Transparent Raw Milk Sampling Program
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USG	United States Government
VAT	Value Added Tax

EXECUTIVE SUMMARY

EVALUATION PURPOSE

This is a report on the Mid-Term Performance Evaluation of the New Opportunities for Agriculture (NOA) project funded by the United States Agency for International Development (USAID) Mission in Kosovo. The project is being implemented by Tetra Tech ARD (Tetra Tech) between January 2011 and February 2015. The total value of the project is $15,899,714.

The purpose of the evaluation was to conduct an objective external assessment of the management and performance of NOA's activities from January 2011 to present in order to provide USAID with: a) an assessment of NOA's impact to date in relation to the project purpose and expected results; b) recommendations for possible ways, if any, in which the project might increase the impact and performance of its services; and c) lessons learned that can be used to guide future programming in the agriculture sector.

The evaluation was conducted during the period January - February 2014 by a team assembled by Mendez England & Associates (ME&A).

EVALUATION QUESTIONS

The evaluation was guided by specific questions contained in the Scope of Work (SOW), found in Annex I of this report. The questions were re-organized into four sections by the Evaluation Team in order to make a better distinction among NOA's impact, effectiveness, and sustainability, as well as opportunities in the agriculture sector in Kosovo after NOA is completed. The sections include:

Section I: Summary of Project Results to Date
Section II: NOA's Current Effectiveness and Future Opportunities
Section III: NOA's Potential for Achieving Objectives and Suggested Modifications; Project Sustainability; Improvement of Performance Management Plan (PMP)
Section IV: Post NOA Project Opportunities in the Agriculture Sector

PROJECT BACKGROUND

The agriculture sector is an important pillar of Kosovo's economy and is a major contributor to employment. Accordingly, policies and initiatives to develop the agriculture sector and increase its competitiveness are a priority for the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and other economic policy makers in Kosovo.

NOA is a four-year project whose overarching goal is to increase agricultural output, exports and rural incomes in Kosovo. This goal supports USAID/Kosovo's Economic Growth Strategy of promoting growth, creating jobs and generating exports in the country. NOA has five components (objectives), which include: 1) Products and farmers linked to markets; 2) Agricultural products diversified and increased; 3) Food quality and safety improved; 4) Increased affordable and accessible credit; and 5) Strengthened sector coordination and leadership by the MAFRD.

EVALUATION DESIGN, METHODS AND LIMITATIONS

The methodology for NOA's evaluation was carefully designed to respond to the evaluation questions posed in the SOW and to determine whether NOA has made progress towards its initial objectives. The Evaluation Team collected quantitative and qualitative data from a broad range of stakeholders and beneficiaries to ensure objectivity, as well as accuracy and completeness of the findings, conclusions and recommendations. Data was collected using the following main methods and sources:

- Critical desktop review of materials related to NOA, such as project quarterly and monthly reports, annual work plans, PMPs, project design documents, and communication among partners. The Evaluation Team also reviewed project-related documents found on the web, news articles for background information, and more.
- In-depth interviews with USAID and NOA staff.

- Fifty semi-structured interviews with partners, NGOs, women's associations, project beneficiaries, and NOA's value chain actors.
- Field visits to municipalities of Vushtrri, Suhareke, Shtime, Shterpce, Rahovec, Prizren, Pristina, Peja, Mitrovice, Mamushe, Lipjan, Kline, Istog, Gjokove, Gjilan, Fushe Kosove, Ferizaj, and Decan.
- Four focus group discussions (FGDs) with women's associations to gain a direct understanding of the activities, value chain linkages, and long-run financial viability of the organizations.
- A mini-survey with private farmer groups and value chain drivers to gauge perceptions of project results among 69 stakeholders.
- Direct observations to cross-check information (e.g. comparing statements to observed practice) and identification of factors not previously recognized.

Limitations to the evaluation include the following:

1. *Recall bias*. As NOA activities were launched in 2011, some respondents found it difficult to accurately compare organizational arrangements/access to services provided prior to project startup or specific information regarding crop yields. To mitigate this limitation, the Evaluation Team conducted interviews with various groups of stakeholders in different locations.
2. *Halo bias.* There is a known tendency among respondents to under-report socially undesirable answers. In addition, some respondents may not be prepared to reveal their true opinions for questions that ask them to assess the performance of their colleagues or people on whom they depend for the provision of services. To mitigate this limitation, the Evaluation Team provided respondents with confidentiality and anonymity guarantees, and conducted interviews in settings that made respondents feel comfortable.
3. *Sample size.* Small sample size of individual value chain respondent groups, due to the evaluation's time and financial constraints, did not support formal statistical representation of survey responses to the total population. To mitigate this limitation, the Evaluation Team used triangulation and, whenever possible, linked quantitative with qualitative techniques.

KEY FINDINGS

Section 1: Summary of Project Results to Date

1. For Fiscal Year 2013 (FY13), PMP data indicate that NOA exceeded domestic sales for active value chains by $33.9 million (M).
2. NOA reduced imports by $5.4M but this did not meet the target of $7M for FY13.
3. PMP data indicate that NOA generated a total of $10.3M in export sales. Excluding the three new value chains transferred from the Kosovo Private Enterprise Program (KPEP) in 2012, the total drops to $5.2M, which is still well above the $2M target.
4. According to NOA's PMP, the project created 1,984 new full time jobs, exceeding its FY13 target of 1,500. The top job creating value chains in FY13 were dairy, table grape and raspberry, with gherkins, apple, lettuce, saffron, and asparagus also experiencing growth. Strawberry and blueberry value chains experienced a decrease in employment, while medicinal and aromatic plants (MAP), field vegetables and blackberry value chains did not record job creation or loss.
5. Beneficiaries interviewed by the Evaluation Team stated that their annual yield increased between 5% and 20% as a result of NOA's assistance with new crop varieties, fertilizers, and new production techniques. In addition, NOA introduced improved production technologies for all 10 original value chain crops that could positively impact beneficiaries' yields for these value chains.
6. There is an output shortfall among local producers for dedicated table grape varieties and apples. Since production for these crops does not meet actual consumer consumption levels, these two value chains are targeted for import substitution.
7. The central aspect of NOA's value chain driver support is the emphasis placed on establishment and operation of physical crop collection centers through identification of value chain drivers, some of which are processors or direct exporters. NOA's staff provides important initial linkage coordination between farmers and collection centers and between collection centers and other buyers further up the value chain.
8. NOA issued 126 grants through January 2014 across all value chains, mostly for production projects designed to introduce new crop varieties and technologies. Through FY13, NOA worked with 13 enterprises toward Hazard Analysis and Critical Control Points (HACCP) food

safety and quality control certification with three attaining certification. NOA also assisted six producers to receive the Global Good Agricultural Practice (GlobalGAP) certification, which is a difficult but essential certification process for growers who export fresh fruits and vegetables to major European Union (EU) markets.

9. NOA provided initial financial and technical support to facilitate the formation of the Economic Analysis Unit (EAU) within MAFRD, and provided technical support and advice in setting up a national Agricultural Extension Service (AES) based on utilizing current municipal agricultural extension workers.
10. NOA's staff successfully facilitated the Government of Kosovo (GoK) Development Credit Authority (DCA), a United States Government (USG) loan guarantee program designed to facilitate bank lending to private sector enterprises in developing economies.
11. The NOA proactive gender empowerment focus provided grants and training to three women's groups and individuals representing more than 80 people. In addition, NOA provided 7 grants or subcontracts to women operating as lead farmers in the production of crops, including gherkin, field berry, asparagus, strawberry, and pepper. Survey data indicates moderate to high levels of women decision-making in crop production activities including choice of crop, planting area, new technology adoption, and marketing options. The FY13 Gender Empowerment Matrix (GEM) score program that NOA initiated in 2012 greatly exceeds the PMP target value.
12. NOA supports a successful "Women Farmer of the Year" award program in conjunction with MAFRD and other donors – notably UNDP.

Section II: NOA's Current Effectiveness and Future Opportunities

1. NOA supports directly the Rahovec Agricultural Institute and indirectly the Peja Agricultural Institute. These public sector institutes conduct crop variety field trials and various laboratory tests. However, they are poorly funded and lack modern facilities and trained staff.
2. NOA provides organizational and technical support services to industry associations such as Kosovo Dairy Producers Association (KDPA) and Kosovo Association of Milk Processors (KAMP). NOA also established two other associations, Association of Kosovo Food Processors (PePeKo), an association of food processors, and "Plant Kosova," an association of nursery industry managers. They all provide valuable institutional services, including training and upgrading member skills, developing legal and regulatory reform positions, and lobbying initiatives to bring about industry level reforms.
3. EAU, established by NOA, is effectively providing MAFRD with analytical reports, such as the "Green Report" which addresses Kosovo's food import substitution.
4. NOA supported four major and successful policy initiatives: 1) value added tax (VAT) reform, which creates a major incentive for small-scale producers to form legal commercial enterprises; 2) Transparent Raw Milk Sampling (TRMS) Program, which encourages farmers to register legally; 3) the MAFRD large-scale collection center facility construction program, which supports the private sector to upgrade the quality of domestic food supplies to meet international standards; and 4) the formation of a new national AES, which utilizes municipal agricultural extension workers to provide technology transfer training to local farmers.
5. Construction of collection centers that link growers with processors and exporters provide clear evidence that NOA's market linkage activities, combined with technology transfer activities, are very effective in providing the basis for increasing the incomes of rural farm families.
6. MAP products are suitable for families with a limited capital base (i.e. families run by single and widowed women) and underemployed labor resources.
7. Interviews with MAP processors and exporters indicated that there is a strong desire among small-scale growers to expand MAP domestic production. Currently, 95% of MAP products is exported.
8. To date, NOA has utilized 13 farmer to farmer (FtF) volunteers, many of whom are retired technical specialists that provide specialized technology transfer support in the areas of cheese making, lettuce and gherkin production, and asparagus cultivation. The program is an excellent example of NOA's coordination with implementing parties.

Section III: NOA's Potential for Achieving Objectives and Suggested Modifications; Project Sustainability; Improvement of Project PMP

1. Based on the Evaluation Team's review of NOA's PMP, field observations, and interviews with NOA's staff and beneficiaries, NOA will meet all its targets by the end of the project.
2. NOA is well-managed, with a well-trained and motivated technical and administrative staff committed to supporting the project beneficiaries, and strengthening the processing and marketing enterprises as well as private sector production companies with which it works. Grants are overall well-targeted and well managed.
3. Gross margin analysis indicates that all NOA value chains are financially viable under existing input costs and output prices using the planting materials, production technologies, and market linkages introduced by NOA. Interviews with value chain drivers indicated that they have a good business vision and are ready to continue operations after the phase-out of NOA's technical support.
4. All NOA supported value chains, with the exception of cabbage, are financially sustainable with interest rates of 10% or lower, assuming that farmers face credit repayment costs on a loan value of €20,000. Although NOA does not work with field grain crops, the interest rate weighted gross margin calculations demonstrate that these crops are significantly less profitable than the more labor-intensive high value crops promoted through the NOA Project.
5. There is concern by MAFRD that without the commodity policy support provided by NOA, the current policy momentum supporting the market linkage and technology transfer development activities cannot continue. At this time, the new EAU does not have the capacity to expand its expertise in this area.
6. NOA's current published indicators on sales and full time equivalent (FTEs) jobs do not disaggregate sales and worker data by value chain and do not take into account annual changes in number of farms, yields or area planted.
7. Current sales and FTE job indicators apply a multiplier function to each value chain's direct sales and FTE figures to measure the imputed indirect and induced impact of the project's direct impact. This distorts the direct impact of NOA's activities because it introduces a non-justifiable indirect and induced impact from other value chain participants outside the NOA project environment.

Section IV: Post NOA Project Opportunities in the Agriculture Sector

1. The survey conducted by the Evaluation Team with private farmer groups and value chain drivers indicated that 80% of them use savings or profits as a source of funding to meet production and investment expenditure, 40% borrow from family members, and more than 50% receive in-kind funding from donor projects through matching grant programs.
2. Currently, NOA provides training and other support in: 1) improving product quality; 2) improving farm production skills; 3) access to grants; and 4) technical support from foreign specialists. 97% of respondents that completed the Evaluation Team's survey stated that the training and NOA's support has been very useful. However, they identified a number of areas where more training and support is needed, including: technical knowledge of farm production processes; continued access to NOA grants; study tours to foreign countries; technical support to improve product packaging; and direct linkage to new markets.
3. When asked to identify new government policies that would most benefit their future business prospects, the most frequent responses from surveyed stakeholders included: 1) improve import quality standards to reduce the import of low quality seeds, planting materials and fertilizers; 2) eliminate dumping of foreign food imports at prices below production costs; and 3) reduce farm level fuel prices by waiving a portion of the import excise tax.
4. According to the Evaluation Team's survey of private farmers, 80% of respondents identified high interest rates for buying production inputs as one of the five major constraints preventing them from increasing their business profits; 60% selected lack of proper packaging materials; and 50% chose tough competition from neighboring countries. In the same survey conducted with value chain drivers, respondents chose lack of credit (interest rate too high) to buy production inputs and tough competition from neighboring countries as the two major constraints keeping them from increasing business profits.
5. In the survey conducted by the Evaluation Team, private farmer groups ranked technical knowledge for farm production processes as the most important factor to improving their future business profitability. Access to NOA's grants, technical knowledge to improve product packaging, labeling and branding, and technical knowledge for product market development

processes also ranked high. Unlike the private farmer group, value chain drivers ranked project facilitation to formal credit sources as the number 1 factor. Field trips to other places in Kosovo, technical advice to install cold storages, access to NOA's grants, and technical advice for improving product quality were the other factors mentioned.

6. In an interview with the Evaluation Team, the Advisor to the Minister of MAFRD indicated that future donor assistance will be needed in order for the MAFRD and EAU to continue to conduct the in-depth analyses required to conduct value chain market linkages and policy advocacy after NOA's completion.
7. Commodities such as MAP, raspberry, blueberry, blackberry, strawberry, gherkin, and pepper, that require intensive labor but moderate capital and simple to moderate technology have the most potential for expansion.
8. The Korenica Women's Association, which manages its own milk collection station and is planning to process cheese for commercial sale, is a very successful model. However, while there is a great interest by women to process local fruits and vegetables into traditional products such as ajvar, tursai, and rechel, the Evaluation Team was unable to find an organization that has a proven record of post-donor financial feasibility.
9. MAFRD considers agriculture to be a "strategic priority" and is embarking on a Seven-Year Strategic Development Plan to expand *inter alia* the small-scale commercial agricultural production sector.

KEY CONCLUSIONS

Section I: Summary of Project Results to Date

1. NOA had a significant impact in the increase of domestic sales of supported crops. The project exceeded the target of $8M by $33.9M.
2. NOA had a positive impact in reducing imports but fell short of meeting its target for FY13 by $1.6M.
3. NOA exceeded its target in generating export sales by $3.2M.
4. NOA's interventions resulted in 1,984 total new jobs, exceeding target values, especially in the table grape, dairy, and raspberry value chains.
5. Field interviews with NOA's grant participants provide strong evidence that the impact on crop yields is very high from the introduction of NOA's imported new crop varieties, proper fertilizers, and production techniques such as trellises for gherkins, pome fruits and table grape.
6. Expansion of apple and table grape domestic production is required to reduce the current high level of imports. Both require several years after planting to attain full yield potential. Therefore, the import substitution impact on current production levels understates the full import substitution potential from current NOA activities.
7. NOA was instrumental in the establishment of crop collection centers. Introduction of formal contracts between growers and value chain drivers (collection centers, processors, exporters and retailers) provide commercial transparency between buyers and sellers and promote grower entry into the formal market network.
8. NOA's grant activity provides important financial and technology transfer support to facilitate grower and collection center adherence to and certification by internationally recognized food safety and quality standards, including GlobalGAP and HACCP, which are requisite for penetrating export markers and high-end domestic supermarkets and restaurant outlets.
9. NOA provides targeted commodity policy analysis and support to MAFRD that facilitates sector reform legislation, regulations and interpretations designed to further leverage its technical assistance and market linkage activities.
10. The GoK-financed DCA facilitated by NOA is offering to farmers loans that, on average, have lower interest rates than those offered by non-DCA sources.

11/12. The NOA Women Empowerment Program is successfully promoting women as lead farm producers and using development grants to provide initial startup capital. A "Woman Farmer of the Year" award program, implemented in conjunction with MAFRD and other donors – notably UNDP – recognizes outstanding women farm business leaders.

Section II: NOA's Current Effectiveness and Future Opportunities

1. NOA supports a number of publicly financed institutes that serve an important scientific role by providing quality control testing and administrative import quality control functions; however, they are in need of funds and cannot adequately provide their intended services without additional trained staff and upgraded facilities.
2. NOA's efforts to strengthen industry associations, including KDPA, KAMP, Plant Kosovo and PePeKo, to develop industry policy and legislative recommendations have been very effective and are playing a role in strengthening democratic policymaking that can have a positive impact on increasing sector incomes, expanding exports, reducing dependence on foreign imports, as well as increasing laws and regulations and improving membership knowledgebase.
3. NOA's policy development support to MAFRD leadership has had a major positive impact on formation of a legal, regulatory policy and strategy reform environment that facilitates NOA's project technology transfer and market linkage component results, and supports private sector commercial development.
4. The MAFRD' EAU, established by NOA, has had some initial successes in preparing policy-related economic analysis reports.
5. Direct linkage to collection centers, using formal contracting procedures, reduces a major small grower market risk factor and improves the long-run financial viability of the small-scale family business.
6. The MAP sector has the potential for quickly increasing the number of women beneficiaries and strengthening the project focus on reducing rural unemployment and poverty.
7. There is potential and desire to increase the domestic production of MAP, most of which is currently exported.
8. The FtF program is well integrated into NOA and the 13 volunteers have, to date, provided very effective and valuable grower training and support.

Section III: NOA's Potential for Achieving Objectives and Suggested Modifications; Project Sustainability; Improvement of Project PMP

1. Barring unforeseen obstacles, all major NOA objectives and targets will be met by the project close-out date of February 2015.
2. NOA is a successful project, with a dedicated and capable management and staff. The project is on the right track to achieve its goal and the Evaluation Team does not have suggestions for modifications to work that is now underway.
3. Gross margin analysis and interviews with value chain drivers during the course of the evaluation indicated that, barring currently unforeseen political or economic conditions, the vast majority of firms, including women farm leaders, will remain viable after the phase-out of NOA's technical support.
4. Gross margin calculations show that field grain crops are significantly less profitable than the more labor-intensive high value crops that NOA promotes, and indicates that they demonstrate questionable sustainability when compared with the value chains targeted by NOA.
5. The current level of dynamic policy reform supporting the continuing development of the agricultural and agribusiness sector is likely to decline when NOA ends in February 2015.
6. NOA's published indicators for total, domestic, and export sales and for FTE jobs tend to overstate the causal impact from NOA's development activities and do not provide information disaggregated by value chain.
7. Current sales and FTE job indicator presentations misrepresent NOA's actual impact by including a multiplier derived using questionable analysis that purports to measure the impact of indirect activities and induced impact of activities that are outside the project implementation environment, thus distorting the indicator measurement of direct project impact.

Section IV: Post-NOA Project Opportunities in the Agriculture Sector

1. Many farmers continue to fund their business operations through savings or profits, borrowing from friends or family members, or receiving in-kind funding from donor projects. This result is consistent with the responses indicating that lack of credit (high interest rates) is one of the main constraints to increasing business profits.
2. Field survey responses indicated that private farmers are very satisfied with the training and support provided by NOA. The major future training needs identified by them included: 1) technical knowledge of farm production processes; 2) continued access to NOA grants; 3)

study tours to foreign countries; 4) technical support to improve product packaging; and 5) direct linkage to new markets.

3. Major agricultural policy modifications suggested by field survey respondents included: 1) improve import quality standards to reduce the import of low quality seeds, planting materials and fertilizers; 2) eliminate dumping of foreign food imports at prices that are below production costs; and 3) reduce farm level fuel prices by waiving a portion of the import excise tax.
4. The field survey with private farmers indicated that high interest rates, lack of proper packaging materials, and tough completion from neighboring countries were the major constraints to expanding business profits. Value chain driver (collection centers, processors, exporters) field survey responses indicated that high interest rates for working capital loans, tough competition from neighboring countries, and high interest rates for capital investment loans, were major constraints to expanding their business profits. While NOA does not formally engage in credit facilitation, the response rate suggests that the value chain drivers may be priority candidates for participation in the DCA credit guarantee program.
5. The most important future technical support needs for farmers included improved knowledge of technical production processes, access to donor grants to reduce high costs of borrowed capital, and technical knowledge to improve product labeling and branding, while value chain drivers' most important future technical support needs included donor facilitation to formal credit sources, access to donor grants to reduce the high cost of borrowing, technical advice for installing cold storages and improvement of product quality.
6. MAFRD views NOA as very successful, and would support a similar value chain type project initiated after the completion of NOA in February 2015 that is targeted on individuals and enterprises that were not part of the original NOA set of beneficiaries.
7. Commodity value chains characterized by high labor intensity, low capital requirements, simple to moderate production technology and immediate return on investment are the most appropriate commodities for future expansion by small-scale growers. Commodities with high capital intensity, complex technologies and longer-term return on investment are better suited for growers with ready markets that can provide collection center crop aggregation support for the smaller-scale growers. Apple and related pome fruit expansion should take place within the project import substitution objective. With the new NOA introduced table grapes varieties now coming into production, continued technical guidance will be required prior to developing a small-scale grower strategy for this value chain sector.
8. NOA's women's empowerment approach characterized by promoting women as lead farmers has been very successful and female-based group food processing activities have been successfully undertaken when directly supported by donor technical and financial support; however, post-donor sustainability of food processing activities has not yet been proven and requires further observation.
9. The greatest return to future USAID donor expenditure will be in value chains containing strong collection centers that are linked to large numbers of small-scale farmers whose income can increase dramatically by access to a steady domestic or export market.

RECOMMENDATIONS

Section II: NOA's Current Effectiveness and Future Opportunities

- Current technical support provided by NOA to the various publicly supported research institutes is very appropriate but any requests by these institutes for additional financial support to augment staff or physical infrastructure should be directed to EU donors as future development of these institutes will take place under the evolving EU legal and institutional environment.
- NOA's approach to strengthening private sector industry associations is on target and should continue.
- NOA's current project activities in the MAP sector should be quickly expanded to increase their impact on women and farm families with limited access to capital and sufficient labor surplus by holding grant competitions to support the purchase of small-scale, collection center level drying equipment and expand production of specialized medicinal and aromatic crops, including black marshmallow and chamomile.
- NOA's FtF program model should be used by USAID in designing future FtF programs.

Section III: NOA's Potential for Achieving Objectives and Suggested Modifications; Project Sustainability; Improvement of Project PMP

- Discussions should be undertaken between MAFRD, USAID and NOA to develop modalities for institutionalizing within the EAU the current policy development support now informally carried out by the NOA project.
- Modify the current NOA PMP indicator presentation of total sales, domestic sales and export sales by calculating annual figures that take into account changes in the number of beneficiaries, yield and area planted in order to more accurately measure the causal impact of NOA's interventions on these indicators.
- PMP indicators for each value chain should be reported in NOA's annual reports to provide readers with an understanding of the impacts from each value chain.
- Introduce into the NOA Monitoring Information System an additional internal reporting table to provide commodity-by-commodity indicators that include the sales and FTE impact on farm level growers, the sales value added from linkage to value chain drivers (collection stations, processors, exporters, retailers) and the total direct impact from NOA's activities.
- Discontinue use of the multiplier coefficients now added to PMP sales and FTE published information as they distort the actual project impact.

Section IV: Post-NOA Project Opportunities in the Agriculture Sector

Post-NOA project support should:

- Continue DCA credit facilitation support, since lack of credit is the main constraint, and include grant funds to support initial farm production and value chain driver investment to offset prevailing high interest rates.
- Focus future training and support on technology transfer, and domestic and export market linkage activities that improve production and market efficiencies and effectiveness through improved quality control, packaging and product labeling.
- Target dedicated institutional strengthening support to the EAU so that it becomes proficient in agricultural sector policy analysis, formulation, and coordination. Future policies in which EAU needs to focus include: 1) improving import quality standards to reduce the import of low quality seeds, planting materials and fertilizers; 2) eliminating dumping of foreign food imports at prices that are below production costs; and 3) reducing farm level fuel prices by waiving a portion of the import excise tax.
- Target chain project support, structured within the context of the GoK's Seven-Year Strategic Development Plan, to individuals and enterprises not reached by the current NOA project and have as the primary objective the ability to expand small-scale farmer access to domestic and export markets as it is the most effective means of accomplishing the USAID /Kosovo Economic Growth Strategy of creating jobs in the rural sector thus directly alleviating the causes of existing rural poverty. Secondary objectives should include import substitution and strengthening of industry. Within this context:
  - Place priority emphasis on MAP, strawberry, other berry, greenhouse, and open field gherkin, pepper, and related high value field crop value chains to gain the greatest impact on reducing rural poverty and unemployment, future agriculture. These beneficiaries need to be linked to strong value chain drivers, which may require priority orientation on matching grant funds to equip an expanding need for collection centers as new project roll out proceeds.
  - Retain lettuce, table grape, apple, and other pome fruit value chains as part of future USAID post-NOA project activities, as they represent Kosovo's major produce import deficit crops; retain asparagus as value chain candidates as they provide the potential for increasing Kosovo's export earnings.
  - Target dairy sector activities on institutional strengthening of KDPA and KAMP to facilitate subsector policy development and strengthen their capacity to provide technical production and processing support through the associations to their respective membership. The sector requires further expansion to attain milk and milk product self-sufficiency, and can contribute to increasing export earnings.

- Include group based women's food processing activities based on an assessment of their positive post-donor project sustainability. Such an assessment should be undertaken by NOA prior to its closeout date.

1.0 EVALUATION PURPOSE & EVALUATION QUESTIONS

1.1 EVALUATION PURPOSE

This is a report on the Mid-Term Performance Evaluation of the New Opportunities for Agriculture (NOA) project funded by the United States Agency for International Development (USAID) Mission in Kosovo. The project is being implemented by Tetra Tech ARD (Tetra Tech) between January 2011 and February 2015. The total value of the project is $15,899,714.

The purpose of the evaluation was to conduct an objective external assessment of the management and performance of NOA's activities from January 2011 to present, and document NOA's results to provide USAID with: a) an assessment of NOA's impact to date in relation to the project purpose and expected results; b) recommendations for any possible ways, if any, in which the project might increase the impact and performance of its services in the next two years; and c) lessons learned that can be used to guide future programming in the agriculture sector.

The evaluation was conducted during the period January- February 2014 by a team assembled by Mendez England & Associates (ME&A). The team consisted of three specialists with extensive experience in the agriculture sector: Dr. Conrad Fritsch, Team Leader; Mr. Anthony Ortiz, Agriculture Specialist; and Ms. Lumta Dida, a local Agriculture Specialist.

1.2 EVALUATION GUIDING QUESTIONS

The evaluation was guided by specific questions contained in the Scope of Work (SOW), found in Annex I of this report. These questions include:

Section I: Summary of Project Results to Date

- Project impact on domestic sales growth, import substitution, exports, and employment
- Identification of the most important project provided services
- Impact of counterpart grants and institutional collaboration (with government, non-government business network partners), on development of agriculture enterprises
- Project influence on Government of Kosovo (GoK) programs and private sector partners (including the financial sector institutions)
- Project impact on facilitating credit to farmers
- Project impact on facilitating involvement of women in the Kosovo's agricultural sector

Section II: NOA's Current Effectiveness and Future Opportunities

- Project effectiveness on strengthening agriculture support institutions
- Project effectiveness in identifying policy constraints, initiating policy reforms, and impact of policy decisions on private agribusiness
- Impact of project's implementation approach and strategies on development of agriculture enterprises, including small-scale family farming enterprises
- Effectiveness of FtF activities on supporting project objectives

Section III: NOA's Potential for Achieving Current Objectives; NOA's Sustainability; Improvement of Performance Management Plan

- NOA's potential for achieving current project objectives and major factors influencing the effectiveness and achievement or non-achievement of the objectives
- Modifications or changes needed to improve effectiveness and achievement of current project objectives

- Sustainability of current project activities and actions needed to improve project activity sustainability
- Improving project Performance Management Plan (PMP) to provide better data and information for management decision making

Section IV: Post NOA Project Opportunities in the Agriculture Sector

- Commodity value chain activities to promote food sustainability and export development
- USAID/Kosovo actions to achieve greater participation of women in future agricultural program design
- Institutional strengthening activities to improve family income and food security of small-scale family farmers

The final report of the evaluation was developed by reworking the original request for task order proposal (RFTOP), Section C. 8 questions into objective statements, and reordering them into common categories to represent: 1) Summary of project activities and results to date; 2) NOA's current effectiveness; 3) NOA's potential for achieving project objectives, including relationship of activities and results to stated project objectives; NOA's sustainability; and PMP project targets as well as implications for achieving these targets; and 4) Future project opportunities and project suggestions to effectively build on NOA's achievements. As required in the Section C.12 of the RFTOP, all evaluation questions were considered in developing this report outline and were addressed in the course of the evaluation.

2.0 PROJECT BACKGROUND

The agriculture sector is an important pillar of Kosovo's economy and is a major contributor to employment. However, in the absence of a developed, commercialized agricultural sector, Kosovo is not self-sufficient in food production and relies heavily on imports. The country requires a more specialized and modernized agricultural sector that is more productive and has a greater capacity to respond to market demands. Consequently, policies and initiatives to develop agriculture and increase its competitiveness are a priority for the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and other economic policy makers in Kosovo. Kosovo's optimal climate conditions for production of labor intensive, high-value crops, and the availability of fertile land can result in comparative advantages when linked to secure domestic and export markets.

Given the above, the overarching goal of the four-year NOA project is to increase Kosovo's agricultural output, exports and rural incomes. This goal supports USAID/Kosovo's Economic Growth Strategy of promoting growth, creating jobs and generating exports. Implementation of NOA began on January 28, 2011 and will end on February 27, 2015. When designed, NOA's main focus was export development. However, recognizing existing opportunities to expand sales and incomes through import substitution, NOA was amended in October 2012 to add import substitution development to its scope. In addition, in September 2012, when the Kosovo Private Enterprise Program (KPEP) ended, NOA picked up ongoing activities from KPEP's supporting value chain production and domestic and export market linkage development of field and greenhouse products, medicinal and aromatic plants (MAP), and dairy.

NOA's specific components (objectives) include: 1) Linking products and farmers to markets; 2) Facilitating in diversifying and increasing the types and amounts of agricultural products produced in Kosovo; 3) Improving food quality and safety; 4) Increasing access to affordable credit; and 5) Improving the overall coordination of donor projects within the agricultural sector in Kosovo.

3.0 EVALUATION DESIGN, METHODS AND LIMITATIONS

The methodology for NOA's evaluation was carefully designed to respond to the evaluation questions posed in the SOW and to determine whether NOA has made progress towards its initial objectives. The Evaluation Team collected quantitative and qualitative data from a broad range of stakeholders and beneficiaries to ensure objectivity, as well as accuracy and completeness of the findings, conclusions and recommendations. Data was collected by using techniques that balance each-other: quantitative vs. qualitative data; individual vs. group responses; and semi-structured interviews vs. analysis of mini-surveys.

The following main methods and sources were used:

- Critical desktop review of materials related to NOA, such as project quarterly and monthly reports, annual work plans, PMPs, project design documents, and communication among partners. The Evaluation Team also reviewed a wide range of project-related documents found on the web, news articles for background information, and more. The documents reviewed are provided in Annex 7. They captured background information on the project, including its goals, stakeholders, inputs, outputs, and outcomes. They were also used to assess value chain financial viability, labor, and capital intensity, and production technology characteristics associated with each of the commodity value chains being addressed by NOA. Review of the PMP provided a further basis for determining whether the project activities were implemented as planned and identifying any challenges or problems that delayed or altered their implementation.
- In-depth interviews with USAID and NOA staff.
- Fifty semi-structured interviews, with partners, private farmers, food processors, import-export businesses, women's associations, industry associations such as Kosovo Dairy Processors, donors including the Austrian Development Agency (ADA), NGOs including Action for Revitalization and Initiative for Agricultural Development, and more.
- Field visits to municipalities of Vushtrri, Suhareke, Shtime, Shterpce, Rahovec, Prizren, Pristina, Peja, Mitrovice, Mamushe, Lipjan, Kline, Istog, Gjokove, Gjilan, Fushe Kosove, Ferizaj, and Decan.
- Four focus group discussions (FGDs) with women's associations, including Flori and Korenica, to gain a direct understanding of the activities, value chain linkages, and long-run financial viability of the organizations.
- A mini-survey to gauge perceptions of project results among 69 stakeholders.
- Direct observations to cross-check information (e.g. comparing statements to observed practice) and identification of factors not previously recognized.

In total, the Evaluation Team collected information from 139 individuals. Interviews with MAFRD, NOA and USAID staff used open-ended questions designed to address the relevant SOW questions. They were supplemented by formal survey instruments with NOA direct and indirect beneficiaries, which used a standard set of close-ended questions that also provided respondents with the opportunity to expand on their responses. FGDs were used to interact with 4 women's associations.

Site visits were determined in consultation with USAID and NOA's staff, with the final decision based on schedule, budget, logistics, and concentration of activities of interest. The goal was to meet stakeholders who are involved at different levels in all NOA value chains. For the purpose of this evaluation, a stakeholder is defined as a person with an interest or concern in NOA practices. Stakeholders included USAID, NOA project staff, and NOA value chains actors.

Triangulation was used to assess the same question from more than one perspective, by using more than one of the above tools to compare and contrast their results. When findings from different tools

varied significantly, results were carefully considered to determine the causal effects of these divergent findings.

Limitations to the evaluation included:

1. *Recall bias*. As NOA activities were launched in 2011, some respondents found it difficult to accurately compare organizational arrangements/access to services provided prior to project startup or specific information regarding crop yields. To mitigate this limitation, the Evaluation Team conducted interviews with various groups of stakeholders in different locations.
2. *Halo bias.* There is a known tendency among respondents to under-report socially undesirable answers. In addition, some respondents may not be prepared to reveal their true opinions for questions that ask them to assess the performance of their colleagues or people on whom they depend for the provision of services. To mitigate this limitation, the Evaluation Team provided respondents with confidentiality and anonymity guarantees, and conducted interviews in settings that made respondents feel comfortable.
3. *Sample size.* Small sample size of individual value chain respondent groups, due to the evaluation's time and financial constraints, did not support formal statistical representation of survey responses to the total population. To mitigate this limitation, the Evaluation Team used triangulation and, whenever possible, linked quantitative with qualitative techniques.

4.0 FINDINGS, CONCLUSIONS & RECOMMENDATIONS

4.1 SECTION I: SUMMARY OF PROJECT ACTIVITIES AND RESULTS TO DATE

This section addresses NOA's activities and results through the end of Fiscal Year 2013 (FY13) and includes SOW's evaluation questions relating to results to date. Findings and conclusions discussed in this section relate to NOA's achievements in Component 1- Farmers and products linked to markets; Component 2 - Agricultural products diversified and increased; the Supporting Components - Improved food quality and safety (Component 3), and Increased affordable and accessible credit (Component 4); and the Overarching Component 5 - Strengthened sector coordination and leadership by MAFRD.

4.1.1 Findings

4.1.1.1 Project impact on domestic sales growth, import substitution, exports, and employment

Growth of Domestic Sales: NOA's PMP indicators record 11 value chains with domestic sales. Domestic sales were not recorded for asparagus and MAPs because initial asparagus plantings were completed in 2011 and initial yields will be recorded only in 2014, and MAPs sales were to export markets. Figure 1 summarizes NOA's reported indicators on the *Growth of Domestic Sales* value chain.

Figure 1: Domestic Sales Generated by NOA Value Chains

Value Chain	Years		
	2011	2012	2013
Table Grape	$0	$276,870.00	$698,876.00
Apple	$0	$16,340.00	$319,546.00
Raspberry	$0	$0	$176,000.00
Strawberry	$0	$68,000.00	$942,327.00
Blueberry	$0	$0	$12,915.00

Blackberry	$0	$18,577.00	$29,603.00
Saffron	$0	$0	$12,825.45
Asparagus	$0	$0	$0
Gherkins	$69,870.00	$936,900.00	$1,295,000.00
Lettuce	$0	$243,000.00	$2,500,000.00
Field Vegetables	$0	$0	$1,271,319.00
MAP	$0	$0	$0
Dairy	$0	$0	$25,000,000.00
Source: NOA Project Monitoring Information System			

Overall, total FY13 recorded sales for active NOA value chains were $41.9M, which exceeded the target of $8M by $33.9M. Large domestic sales occurred in dairy, lettuce, gherkins, and field vegetables sectors with each generating more than $1M. Lettuce was the FY13 sales leader with more than $2.5M in sales. Berry, collectively, generated $1.2M in domestic sales, largely because of strong strawberry sales. All value chains except for field vegetables, MAP and dairy were included in the NOA project from the start. Field vegetables, MAP and dairy were transferred to NOA at the end of the KPEP project in September 2012. Hence, it is too early to attribute any direct domestic and export sales impact from NOA to these three value chains.

Interviews with NOA's staff in the field, as well as a review of NOA's grant distribution records indicate that NOA provided improved imported planting materials and introduced improved production technologies for all 10 original value chain crops that could positively impact yields.

In interview with the Evaluation Team, NOA's beneficiaries reported annual yield increases ranging from 5% to over 20%, as a result of NOA's assistance in lettuce, greenhouse gherkin, berry, table grape, pear, and apple varieties. A grower in the Lipjan area using NOA imported apple varieties from Italy, reported yield increases 2-3 times higher than those obtained by using Serbian-based rootstock . Similar yield increases for the Italian rootstock were also reported by apple growers in the Peja and Istog regions.

Import Substitution: NOA's monitoring data indicate that the project has had a positive impact on reducing imports but did not meet the FY13 target reduction of $7M, with the actual reduction being at $5,4M. Several large-scale vegetable processors indicated that as a direct result of NOA's linkage activities they have significantly reduced dependence on foreign imports of gherkins, cabbage, tomatoes, and peppers. One major processor enthusiastically stated that in the three years that he has worked with NOA, his operations have gone from 100% dependence on imported fresh products to 100% dependence on domestic production obtained from three collection station linkages developed by NOA's staff.

The Evaluation Team's discussions with grape sector specialists in the Rahovec area suggested that annual imports of table grapes have declined from 2,300 mt in 2010 to 1,900 mt in 2013, in part due to NOA's activities. However, the actual area currently planted for table grapes (~720 hectares) is significantly less than during the late Former Yugoslav Republic period when some 2,500 hectares were planted. A key issue is that in the past wine grape varieties were also consumed in fresh form; however, currently, consumers prefer dedicated table grape varieties for which there is a significant shortfall among local producers. NOA's objective is to increase yields from a current average of 8 mt/ha up to 16 - 20 mt/ha as the major strategy to reduce the current import dependence.

A recent MAFRD study by the Economic Analysis Unit (EAU) also concludes that Kosovo grows just over half the annual apple consumption while producing about 85% of the annual table grape consumption. Since both crops have consumption and production rates of less than 100%, these two value chains are targeted for import substitution production to make up the difference.[1]

[1] Government of Kosovo Ministry of Agriculture, Forestry and Rural Development. (2013). *Green Report Kosovo 2013*

Export Expansion: As shown in Figure 2, NOA's monitoring data indicate that, of the original NOA value chain crops, table grape, raspberry, blueberry, saffron, gherkins were exported in 2013.

Figure 2: Export Value of Selected NOA Supported Products

Total value of exports			
Value Chain	**Years**		
	2011	**2012**	**2013**
Table Grape	$0	$26,730.00	$37,260.00
Apple	$0	$0	$0
Raspberry	$0	$59,464.00	$924,000.00
Strawberry	$0	$0	$0
Blueberry	$0	$592,500.00	$0
Blackberry	$0	$289,408.00	$0
Saffron	$0	$0	$15,675.55
Asparagus	$0	$0	$0
Gherkins	$0	$0	$105,000.00
Lettuce	$0	$0	$0
Field Vegetables	$0	$0	$1,115,000.00
MAP	$0	$0	$2,500,000.00
Dairy	$0	$0	$1,000,000.00

Source: NOA Project Monitoring Information System

NOA's Annual Report for FY13 indicates that the project generated a total of $10.3M in export sales against a target of $2M. Excluding the three new value chains transferred from KPEP in 2012, the total drops to $5.2M, which is still well above the target. These figures include sales of exported peppers to Sweden, Austria, Germany, and Switzerland by Kelmendi GMBH. Fresh fruit exports accounted for $1M, including: raspberries sold to Serbia and Italy by a NOA-supported raspberry association and other producers; and table grapes, which accounted for $50,000 in export to Germany. In addition, NOA's processing client, Eurofruti, exported over $3M in frozen fruits, consisting mainly of berries. Furthermore, processed vegetables generated by exporting Ajvar amounted to $1.1M, and crushed dried peppers and pickled gherkins together generated $11.5K. The MAP value chain also performed well, generating exports of $2.5M through the sale of products including chamomile, black marshmallow, peppermint, common mallow, and lemon balm. Finally, the dairy sector's exports totaled $1M.

Saffron and asparagus are new NOA-supported export value chain crops expected for spring 2014. Both are planned for sale through a Kosovo-linked importing company located in the Netherlands. Saffron and asparagus produced in Kosovo are of reportedly high quality.

Employment Growth: According to NOA's monitoring system, eight value chains experienced job growth, two value chains experienced a decrease in employment, and three value chains had no recorded job creation or loss (see Figure 3).

Figure 3: NOA Employment Generation

Number of Full Time Equivalent Jobs Created *			
Value Chain	**Years**		
	2011	2012	2013
Table Grape	0	257	486
Apple	0	110	153
Raspberry	0	82	220
Strawberry	0	127	71
Blueberry	0	5	4
Blackberry	0	0	0
Saffron	12	0	16
Asparagus	4	7	21
Gherkins	39	13	174
Lettuce	35	19	80
Field Vegetables	0	0	0
MAP	0	0	0
Dairy	0	0	676

Source: NOA Project Monitoring Information System
*FTE is calculated at 225 days per year

The FY13 Annual Report indicates that calculation of full time equivalent (FTE) job generation remains the single most challenging target for the project. In part, this is because as firms grow, they aim to increase efficiencies, which tend to drive down labor requirements per unit of sale rather than increase them. However, as the sectors expand, there are more value added activities, and as new growers are added to the value chain collections centers, job creation will increase. Moreover, the FTE concept requires determination of the number of days that correspond to a full time worker designation. For project purposes this figure is set at 225 days. Thus, the FTE calculation requires determination of the number of days worked by each relevant worker with the resulting person day total divided by 225 to obtain the FTE estimate.

The target for FY13 was 1,500 FTE jobs with PMP records indicating that 1,984 were created. Table grape, raspberry, apple, and gherkin sectors were major contributors to job growth. The dairy sector was the largest contributor; however, since it was recently added as a monitoring indicator, the contribution cannot be directly allocated to NOA's activities.

As with the sales data, the lack of detail describing the change in the number of beneficiaries, the change in yield, and the change in area planted did not allow the Evaluation Team to identify specific NOA interventions that contributed to the number of FTE jobs created.

4.1.1.2 Major project provided services

NOA operates across all value chain sectors – from production to final product marketing – either as export or domestic retail sales. NOA's staff provides technology transfer assistance at each level, as well as market linkage information and facilitation support between the production function and the value chain driver function (collection, processing and export/retail sales). NOA's Chief of Party (COP) interacts at the policy level to address short- and long-run issues, including credit accessibility, donor coordination, import and export customs regulations, and product price considerations. The "field to fork" nature of the technical and facilitation support provided by the project enables project staff to acquire an understanding of technical production and market facilitation issues within the context of their relevance to policy initiatives.

Production Technology Transfer Advice and Support: At the production level, NOA introduces growers to crop varieties and production technologies that have proven successful in other countries with similar climatic conditions. The new planting material is made available to selected demonstration growers who introduce the variety and technology into different regions around the country. Soil tests are required for all grantees receiving new varieties using the newly upgraded facilities at the Peja Agricultural Institute. NOA then schedules farmer field days to explain and demonstrate the results.

More than 50 new varieties of lettuce have been introduced in several regions through existing lettuce growers. New varieties of strawberry, blueberry, and blackberry rootstock, and table grape have been provided to carefully selected growers. New gherkin varieties were introduced to farmers through collection centers.

More than five new disease- free apple varieties, requiring innovative but proven technologies (Italian), were introduced through four nursery operations around the country by providing grafted planting material free of charge. Nursery managers maintain the material for a year and then sell them to local farmers charging only their own management cost. A key element is that the nurseries provide full technical support to farmers buying the materials.

NOA also introduced new table grape varieties, both seeded and seedless, with the aim of increasing yields from a current average of 8 mt per hectare to 16 - 20 mt per hectare. To develop a supportive enabling environment, the project supports formation of business development service providers to spray vineyards against diseases and is training growers in canopy management, trellising, and cluster thinning.

Value Chain Driver Technology Transfer Support: The central aspect of NOA's value chain driver support is the emphasis placed on establishment and operation of physical crop collection centers through identification of value chain drivers; some of them are processors, or direct exporters. The most common form of collection center operates only as a first level farm product buyer that grades and aggregates raw product for resale to processors, exporters and domestic retail markets

NOA's staff provides important initial linkage coordination between farmers and collection centers and between collection centers and other buyers further up the value chain. NOA requires first level collection centers, as a condition of receiving a development grant, to enter into seasonal contracts with growers. Only a few collection centers provide trade credits under these contracts to support out-grower purchase of fertilizers and other inputs, but almost always provide technical support and planting materials to their out-growers. NOA provides initial technology transfer training to collection center staff and has introduced an innovative human resource grant that provides up to 75% cost support payment for one year, for a technology transfer intern to work directly with out-growers. Most collection center managers continued employment of this specialist after grant expiration.

To strengthen local partnerships, NOA grants require collection stations to enter into formal contracts with out-growers and to provide payment under the contracted terms. This encourages commercial transparency by both the product seller and the buyer. In the past, most sales were conducted informally and were largely non-transparent.

Improved Food Quality and Safety: NOA's staff also works directly with large-scale fruit and vegetable processors and exporters linking them back to collection stations and forward to retail or export buyers. Technology transfer support is provided by introducing new fruit and vegetable processing equipment compatible with prevailing food safety health and quality control, and by supporting activities requisite to gaining Hazard Analysis and Critical Control Points (HACCP)[2] quality and safety certification. Gaining HACCP certification is a lengthy process and requires implementers to put up significant capital to modify infrastructure in accordance with HACCP principles. Through FY13, NOA worked with 13 enterprises toward HACCP certification with three attaining certification.

The Global Good Agricultural Practice (GlobalGAP)[3] is also a difficult certification process, but one that is more essential for growers who export fresh fruits and vegetable to major European Union (EU) markets. Six producers received GlobalGAP certification in FY13 with 7 more working toward certification.

4.1.1.3 Impact of counterpart grants and institutional collaboration (with government, non-government business network partners) on development of agriculture enterprises

Counterpart grants and institutional collaboration with government and non-government business network partners is an important implementation vehicle to facilitate the technology transfer and market linkage aspects of NOA, and to support development of collection center, processor, and

[2] HACCP is a private sector voluntary processing level food safety certification program
[3] GlobalGAP is a private sector voluntary production level food safety certification program

exporter value chain driver agribusiness support enterprises. This is a cross-cutting activity that facilitates work conducted under all NOA components.

NOA issued 126 grants through January 2014 across all value chains. Production related activities accounted for 70%, with the bulk of the remainder allocated for post-harvest handling activities, including cold storage development for collection centers, and human resource development training for food processors and exporters. Nearly all grants issued during the first two years were oriented to production projects designed to introduce new crop varieties and technologies. During 2013, most grants provided support for post-harvest handling procedures, including grading and sizing machines and small-scale storage, or receiving and grading facilities for collection centers.

Grants for demonstration projects to introduce new varieties are generally fully funded by NOA and provide seed or other planting material, as well as special technology such as drip irrigation or trellising for grapes and gherkins. In other cases, where larger trial processes are introduced - construction of collection center storage and handling space, anti-hail covers, and orchard planting materials and trellises - NOA provides up to 75% of the total cost but average support usually does not exceed 60% of costs. An innovative approach involves the provision of services of trained interns to provide out-grower agronomic support for a 6-month period, with NOA covering up to 75% of the cost. In several cases, the beneficiary continued employing the intern and paying the complete salary, creating a new position with the firm as well as employment for a recent graduate.

NOA provided initial financial and technical support to facilitate the formation of an EAU within MAFRD, and provided technical support and advice in setting up a national Agricultural Extension Service (AES) based on utilizing current municipal agricultural extension workers. MAFRD intends to assimilate these into a unified national program but fiscal issues remain. An internet connectivity program designed and implemented by a private sector portal went online the last week of January 2014, providing information flows between specialists, farmers and extension workers. With NOA's facilitation during the Transparent Raw Milk Sampling (TRMS) Program development phase, the Kosovo Association of Milk Processors (KAMP) and Kosovo Dairy Producers Association (KDPA) have taken on responsibility for collecting monthly milk samples from dairy producers. Samples are sent for analysis to the staff of the MAFRD Food and Veterinary Department (FVD) laboratory. NOA provided a training grant to the quality control division of a Pristina pharmaceutical company to train FVD staff in equipment calibration and milk sample processing.

NOA works closely with the ADA program that has provided many small-scale growers with plastic greenhouses, as well as technical training in the use of greenhouse facilities to cultivate improved gherkin and other labor-intensive crops. In one case, NOA provided a matching grant to enable a village level collection center to construct a physical collection and grading facility that complements a cold storage facility provided by a matching grant from the ADA.

NOA works closely with major food processors and exporters, providing cost sharing grants to install specialized food processing and quality control equipment on a cost sharing grant basis. In this way, the project has effectively demonstrated efficiencies associated with commercial food processing and improved quality control in the processing and packaging of fresh lettuce destined for several major supermarket chains in Kosovo.

Facilitating the MAFRD's matching grant program has further led to the construction of three new large-scale collection centers, including cold storage and packing centers with capacities of between 2,000 to 6,000 mt. Several large scale MAP dryers were supported to expanded MAP collection and processing for the export market.

Given the high prevailing interest rates, NOA's matching grant program can be viewed as a surrogate credit program as beneficiaries are carefully selected using a competitive bidding process that is generally more rigorous than a bank risk analysis procedure. The program also enables winners to substantially reduce the size of loan required to purchase the grant provided investment.

4.1.1.4 Project influence on GoK programs and private sector partners (including the financial sector institutions)

Increased affordable and accessible credit: Working on the supporting component to develop affordable and accessible credit, NOA's staff successfully facilitated the GoK Development Credit Authority (DCA), a US Government loan guarantee program designed to facilitate bank lending to private sector enterprises in developing economies. Kosovo is unique among countries using the DCA facility because the GoK covers the full premium cost.

A recent assessment of the program reveals that in the period September 26, 2012 to September 30 2013, 376 agricultural loans worth $6,596,238 were issued (out of $9M dedicated to the Kosovo agriculture and agribusiness community) – with 88% for longer term investment and the remaining 12% for working capital. Average loan size was $17,543, with loans ranging from $5,000 to $156,000. The average term of 39 months further implies that most loans are investment type and suggests borrowers are expanding their physical plant size or purchasing capital equipment.

While actual rates interest ranged from 9% to 23%, the average rate of 13.9% remains higher than rates found in developed economies. Higher rates are associated with smaller- and shorter-term loans. In addition to actual interest rates, banks often charge up to a 2% service fee, thus raising the actual borrowing rate above the stated interest rate.

Loans of less than $10,000 comprised 22% of all loans, and loans greater than $50,000 comprised 36% of all loans. Bank interest lending rates range from 10% to 18% for mid- to long-term loans. Field surveys revealed that larger scale, better capitalized growers and processors were able to get mid-term loans at interest rates of 10% to 13%, while smaller firms were charged rates up to 18%. The data indicate that banks lowered interest rates for customers with successful repayment histories.

Policy Support: NOA's COP provides targeted policy guidance to MAFRD, and works with the Ministry of Trade (MoT), Ministry of Finance (MoF), as well as the banking sector and other Ministries to address credit, and value chain linkage issues. Some activities are related to long-term issues while others are related to addressing high profile short-term issues.

An example of the former is the recently approved TRMS dairy price incentive program that provides up to a 6 Euro cent per kg premium for high quality milk. An example of the latter addresses illegal import pricing of processed poultry coming from a neighboring country that heavily and illegally subsidized its export poultry industry. An important value chain policy activity involved development of a competitive bidding process for use by MAFRD for evaluating proposals submitted by processors and exporters to receive financial support from GoK for construction of large scale collection centers, including significant cold storage and fresh produce grading, packaging and quality certification technology. NOA's leadership recently facilitated a MAFRD grant to the Korenica Women's Association for purchase of a second hand milk storage cooling unit.

In addition, NOA's staff facilitated passage of legislation reducing value added tax (VAT) to zero for small farmers including milk producers. This has the effect of encouraging farmers to become legally registered and gain the ability to reclaim VAT paid on purchased inputs. It also facilitates accounting practices for milk processors who did not have to pay VAT on imported milk but must pay the tax when buying domestically produced milk.

As mentioned in Section 4.1.1.3, NOA provided assistance with the establishment of EAU within MAFRD. The EAU was formed to provide MAFRD with an internal economic analysis unit able to support development of analysis to facilitate policy development and implementation in the MAFRD. EAU type units at the ministerial level are often required to assess and vet policy options for use by senior policy officials in assessing the merits of alternative long-term policy options and to address recurring short-term policy implementation issues. The EAU is not yet working to its full potential in this capacity as government funds to hire the highly qualified technical staff needed to staff such a full unit are lacking. Consequently, NOA's staff continues to provide value chain and technology transfer expert input and analysis to support the MAFRD policy-making functions.

NOA also initially provided a full time policy advisor to the Minister to support the development of policy initiatives and provide expertise needed to develop an agricultural policy reform dialogue. The position was phased out in July 2012.

4.1.1.5 Project impact on facilitating credit to farmers

Apart from facilitating and supporting development of the DCA's lending facility, NOA facilitates communication between beneficiaries and formal credit institutions. NOA's staff provided such facilitation support to 142 beneficiaries in FY13, against a target of 240. NOA's staff also developed a set of gross margin calculations for each value chain with which they work, and have used this information in training courses for bank lending officers. Through this mechanism, NOA is encouraging banks to adopt objective risk analysis procedures into their agricultural lending portfolio.

4.1.1.6 Project impact on facilitating involvement of women in the Kosovo's agricultural sector

Women make essential contributions to the Kosovo agricultural and rural economies. Their roles vary considerably between and within regions and are changing rapidly in many parts of Kosovo, where economic and social organizations are transforming the agricultural sector. Rural women often manage complex household tasks and pursue multiple livelihood strategies. Their activities typically include producing agricultural crops, tending animals, processing and preparing food, working for wages in agricultural or other rural enterprises, engaging in trade and marketing, caring for family members and maintaining their homes. Many of these activities are not defined as "economically active employment" in national accounts but they are essential to the well-being of rural households and, in many cases, have a direct impact on raising farm family income. In the rural agricultural context, female leadership roles take on three forms: 1) wives working in partnership with husbands in the farm business; 2) women taking a lead role in business management; and 3) women, in the absence of husbands, taking the lead role as business entrepreneurs.

NOA has integrated these three female leadership roles throughout its activities. During the field interviews, the Evaluation Team observed several husband/wife business teams. One case was a lettuce growing and processing operation in which the husband managed the growing and harvesting side of the enterprise while the wife handled the processing and packing side of the operation. In the second case, the husband managed the crop production activities and the wife operated an independent business enterprise consisting of processing fruits into marmalades and jams. In the third case, a group of more than 50 women who lost husbands during the recent war formed an association though which they collect milk for sale to a local milk processing plant, and, with NOA's support, are initiating a commercial cheese processing operation. Among the 50 women, each member received one cow through the International Heifer Project. They also received an initial milk storage tank through a KPEP grant, and NOA facilitated the acquisition of a second milk tank through a MAFRD grant. This is a thriving group that has future plans to begin processing cheese and highlights NOA's approach to empowering women since it raises the profile of the producers to commercial farmers.

In FY13, NOA initiated the Gender Empowerment Matrix (GEM) program. Measurements are made across five domains of empowerment, based on a biannual survey of farming families involved with NOA's value chain. With a FY13 GEM[4] target score of 10, NOA's female project participants recorded a score of 35, a significant increase over the target value. NOA also supports a "Woman Farmer of the Year" award program in conjunction with MAFRD and other donors - notably UNDP.

NOA's PMP indicates that the technical knowledge of female farmers has increased as a result of field and classroom-based crop productivity trainings addressing drip irrigation, fertigation (applying fertilizer through drip irrigation technology), Integrated Pest Management (IPM), open field and greenhouse crop production, micro spraying, trellising, plastic mulch, pruning and harvesting. Survey data indicates

[4] GEM cores are the sum of weighted individual scores for the five domains of empowerment: Production, Resources, Income, Leadership, and Time.

moderate to high levels of women decision making in crop production activities including choice of crop, planting area, new technology adoption, marketing options, and contracting.

NOA has made at least seven grants or subcontracts to women operating as lead farmers in the production of crops, including gherkin, field berry, asparagus, strawberry and pepper. NOA also provided financial and technical support to 3 associations of women, one group of 11women that is developing a food processing enterprise, a second group of 50 women that manage a milk collection center for the association members, and another group of 17 women that jointly grow fefferoni (chili) peppers.

These examples of direct participation of women as entrepreneurial business leaders illustrate that many women, when provided with the opportunity, demonstrate capacity to successfully initiate and manage business enterprises. However, in many cases, to become successful entrepreneurs, they must overcome cultural barriers that in the past have constrained most women to secondary roles, limiting their exposure to influences outside the immediate family and keeping them within the traditional gender role of maintaining the household and raising children.

The fact that NOA has been able to identify several husband/wife business partnership teams, and several other women who are enterprise leaders and managers in their own right, speaks well of the openness of the Kosovar rural culture to break with past traditions. With NOA's support, banks operating within the DCA program are increasingly accepting joint signatures of husbands and wives on their loans. This additional leverage can provide an incentive to further expand the lead role of women in the NOA project.

4.1.2 Conclusions

- NOA had a significant impact in the increase of domestic sales of supported crops. The project exceeded the target of $8M by $33.9M.
- NOA reduced imports but fell short of meeting its target by $1.6M.
- NOA exceeded its target in generating export sales by $3.2M.
- NOA's interventions resulted in 1,984 total new jobs, exceeding target values, especially in the table grape, dairy and raspberry value chains.
- Field interviews with NOA's grant participants provide strong evidence that the impact on crop yields is very high from the introduction of NOA's imported new crop varieties, proper fertilizers, and production techniques such as trellises for gherkins, pome fruits and table grape, and thus on total output.
- Expansion of apple and table grape domestic production is required to reduce the current high level of imports but both require several years after planting to attain full yield potential. Therefore, the import substitution impact on current production levels understates the full import substitution potential from current NOA activities.
- NOA was instrumental in the establishment of crop collection centers. Introduction of formal contracts between growers and value chain drivers (collection centers, processors, exporters and retailers) provide commercial transparency between buyers and sellers and promote grower entry into the formal market network.
- NOA's grant activity provides important financial and technology transfer support to facilitate grower and collection center adherence to and certification by internationally recognized food safety and quality standards, including GlobalGAP and HACCP, which are requisite for penetrating export markers and high-end domestic supermarkets and restaurant outlets.
- NOA provides targeted commodity policy analysis and support to MAFRD that facilitates sector reform legislation, regulations and interpretations designed to further leverage its technical assistance and market linkage activities.
- Interest rates to farmers using the NOA-facilitated and GoK-financed DCA are, on average, lower than those paid by growers and value chain drivers taking loans from non-DCA sources.
- The NOA Women Empowerment Program is successfully promoting women as lead farm producers and using development grants to provide initial startup capital. The "Woman Farmer of

the Year" award program is implemented in conjunction with MAFRD and other donors – notably UNDP – and recognizes outstanding women farm business leaders.

4.2 SECTION II: NOA'S CURRENT EFFECTIVENESS

4.2.1 Findings

4.2.1.1 Project effectiveness on strengthening agriculture support institutions

Agricultural support institutions are public and private sector service organizations and institutions that carry out technical and policy support activities that include: 1) public sector seed and planting material quality control laboratories; 2) industry associations that lobby for legislation and support member interests; and 3) ministerial level policy research and analysis units such as the EAU initiated with NOA's support.

Public sector seed and planting material quality control laboratories: NOA provides direct support to the Rahovec Agricultural Institute (RAI) and indirect support to the Peja Agricultural Institute (PAI). RAI has received new imported grape varieties for testing and further propagation as nursery stock for sake to farmers. NOA uses services of PAI for conducting soil sample analysis for beneficiaries to ensure proper application of fertilizers and other soil nutrients.

Both RAI and PAI serve an important scientific role by providing quality control testing and administrative import quality control functions, but are poorly funded and cannot adequately provide their intended services without additional trained staff and upgraded facilities. However, since Kosovo is now on track for EU accession, facility and staff upgrades are best provided within the EU development support structure, rather than within the USAID development structure.

Industry associations that lobby for legislation and support member interests: NOA provides valuable organizational and technical support services to industry associations and works with them to present positions to government leaders. Among these industry associations are the KDPA and KAMP, that respectively support dairy producers and processors that were organized by NOA predecessor projects but now receive strong support from NOA.

PePeKo, an association of food processors that regularly reviews industry issues and develops educations programs for members, as well as Plant Kosova, an association of nursery industry managers that provides valuable institutional services, including training and upgrading member skills, developing legal and regulatory reform positions, and lobbying initiatives to bring about industry level reforms, were both organized by NOA.

In the past year KDPA and KAMP contributed to industry product quality improvement, including: 1) development of the TRMS milk quality program; and 2) development of planting material import control regulations to prevent importation of disease free new seeds. PePeKo recently completed a business to business (B2B) consultancy to Macedonia to promote cooperation with counterparts in bordering countries and has developed a two year work plan.

Ministerial level policy research and analysis units such as the EAU: The EAU provides MAFRD with the analytical capacity to conduct independent long-term and short-term research into pressing policy issues. Work in organizing and supporting this unit falls under NOA's overarching component of "strengthening sector coordination and leadership within MAFRD." The recently completed *Green Report* that addresses Kosovo's food import substitution is an example of the type of analysis that can be undertaken by this unit. The EAU has the potential to become the MAFRD's premier policy, strategy, and program formulation center, with ability to develop and discuss alternative sector policies and strategies and serve as a coordination center for bringing together university and donor representatives that develop mutually reinforcing programs. Currently, NOA has largely and successfully carried out this role with significant results as developed in Section 4.1.1.5. In FY13, NOA has coordinated or been a part of 18 donor roundtable or workshop events against a target of 12.

Other institution building support: NOA provided a training grant to the quality control division of an international pharmaceutical company to conduct training to the MAFRD FVD on calibration and use of laboratory equipment needed to conduct the milk quality tests associated with the recently enacted TRMS program. Training was also provided to KAMP and KDPA staff members who take the producer samples for this program.

4.2.1.2 Project effectiveness in identifying policy constraints, initiating policy reforms, and impact of policy decisions on private agribusiness

NOA's SOW states that:

> *"The most serious constraints facing Kosovo's agricultural sector and, hence, the success of this activity, are weaknesses in government policies and practices, financial systems that do not service the agricultural sector very well, infrastructure inadequacies, a lack of the needed organizational structures to reach small farmers, and continuing export market access issues and shortages of human resources with necessary skills."*

NOA implemented a number of interventions on identifying policy constraints and initiating policy reforms. These interventions are summarized in Figure 4.

Figure 4: Impact of NOA Policy Support Initiatives

Policy Issue/Action	Description	Impact
VAT Reform	Reduce VAT for farm level milk sales to 0.	Increase farm level income and encourage farmers to form a legal commercial enterprise and reclaim VAT paid on purchased inputs. This also reduces milk price paid by processors to producers
TRMS	Provides up to 6 euro cents price premium for high quality milk	Sets up an interagency coordination mechanism that enables KDPA and KAMP to take farm level milk samples for testing by the FVD quality control laboratory. The MAFRD will transfer an estimated 1.5M euros annually to farmers producing high quality milk. This also encourages farmers to register as commercial legal entities.
MAFRD Grant Activities	Facilitate MAFRD to provide grant support to expand collection centers	NOA has worked closely with MAFRD in implementing a major grant program to support construction of three major fresh produce collection centers meeting international quality control standards. These centers will serve to further increase farm and value chain driver income.
National Agricultural Extension Service	Facilitate formation of a national AES currently funded by Municipalities with modest support from the World Bank.	Creates the potential for a national Extension Service with a single unified management and training structure, pending resolution of the fiscal and human resource policy constraints currently imposed by IMF on GoK size and cost
EAU	Conduct economic analysis	Conducts policy and related analysis reporting directly to the MAFRD Deputy Minister to support rational policy decision making and improved policy implementation.
NOA Staff Analysis Support	Conduct economic and technical policy analysis	Provides technical and policy analysis and facilitation to the MAFRD Deputy Minister pending full development of the EAU

NOA supported four major and successful policy initiatives: 1) VAT reform; 2) TRMS milk sampling quality improvement program; 3) the MAFRD large-scale collection center facility construction program;

and 4) formation of a new national Agricultural Extension Service (AES) to be financially supported by the World Bank.

VAT reform that set VAT rates at 0% for dairy producers, creates a major incentive for small-scale dairy producers to register as legal entities, and reduces raw milk costs to processors. VAT is currently set at 20% for most products, which means that dairy processors are required to add 20% onto the price paid to producers. This in turn can raise the cost of domestically produced milk above that for imported milk on which no VAT is collected and can provide an incentive for dairy processors to pay producers in cash and operate in the non-transparent grey market. Within this context, many dairy producers are not registered as legal entities. They view this as an advantage as they prefer to receive income in cash thus avoiding payment of income or profit taxes. However, under the VAT tax reform that incorporates a 0% VAT on raw milk sales, dairy processors are not required to add VAT onto domestic program and dairy producers, by registering as legal entities, can recover the VAT tax levied on the cost of purchased, thus providing incentive for both parties to trade within the price transparent formal sector.

The TRMS milk quality program creates further incentives for farmers to register as legal entities and encourages the adoption of hygienic and farm level milk handling processes to increase farm income and improve milk quality and safety. The Transparent Raw Milk Sampling (TRMS) system delivers data by SMS to dairy producers, which enables dairy farmers and dairy plants to act faster in addressing any problems with raw milk quality. Within 24 hours of supplying raw milk samples for testing to the KFVA (Kosovo Food and Veterinary Agency), farmers receive results and they can then undertake immediate interventions to improve the health of their dairy herd, modify the hygienic conditions of their dairy barns and facilities, and adjust feeding levels as needed.

The MAFRD support to private sector program recognizes and provides financial support for fresh produce collection, handling, packaging, and labelling capacity to upgrade the quality of domestic food supplies and to meet international food safety standards. All municipalities have technical extension agents to provide technology transfer training to local farmers. Without a central management and training structure there is no common program implementation or training approach. NOA began providing support to restructure the Agriculture Extension Services (AES) department of the MAFRD through intensive technical trainings to municipal extension agents in the winter of 2013. Through these measures, NOA has supported AES in the development of a methodology for extension agents to reach farmers through the election of lead farmers in all municipalities. NOA includes these municipal extension agents in their training programs and now provides facilitation support to MAFRD for the purpose of ultimately forming a unified national AES, which will be initially funded by the World Bank.

EAU activities were discussed in Section 4.1.1.5, but the current lack of capacity in this unit has required the NOA staff, primarily the COP, to coordinate and facilitate analysis and formulation of policy options. The unit is not yet working to its full potential as government funds to hire the highly qualified technical personnel needed to staff such a full unit are lacking. As a result, NOA's staff provides value chain and technology transfer expert input and analysis to support the policy making functions of the unit. Within this context, as shown by the results generated in Figure 4, NOA's support has been effective.

4.2.1.3 Impact of project implementation approach and strategies on development of agriculture enterprises, including small-scale family farming enterprises

Kosovo has a fertile agricultural landscape, but the mountainous and hilly terrain has left many rural residents with only small plots of land from which to earn a living. Thus, NOA, with its emphasis on labor-intensive high-value crops can be very effective in increasing rural employment and reducing rural poverty.

Direct linkage to collection centers, using formal contracting procedures introduced by NOA, reduces a major small grower market risk factor. This process improves the long-term financial viability of the small-scale family business and the adopted technology transfer approach encourages collection centers and lead farmers to systematically train and support small-scale farmers in acquiring improved planting

materials and apply appropriate fertilizers and disease control technologies that result in increased per unit crop yields.

The project does not publish information that identifies the impact on small-scale farm families, but the Evaluation Team's discussion with NOA's staff, value chain drivers, and farm level beneficiaries, indicated that a majority of direct and indirect beneficiaries farm less than three hectares of land and, in many cases, produce commercial products on unheated greenhouses of 500 m^2 or less. Value chain commodities most often grown by small-scale farmers include gherkins, peppers, cabbage, strawberry, blackberry, blueberry, and table grapes. MAP products are also very suitable for families with a limited capital base and underemployed labor resources. Construction of collection centers that are able to link these growers with processors and exporters provide clear evidence that NOA's market linkage activities, combined with technology transfer activities, provide the basis for increasing incomes of rural farm families.

During interviews with stakeholders, the Evaluation Team identified MAP as a valuable export commodity. The MAP lead processor and exporter, who received major capital investment support, stated that there is a strong desire among small-scale growers to expand domestic production. He also commented that 95% of his MAP products are exported. The 5% that remain in Kosovo is oregano used for local tea products.

This theme was repeated to the Evaluation Team while in western Kosovo. In this area, a fresh produce export company with a direct ownership link to a Kosovo diaspora-owned importing company in Germany provides a market to growers of traditional pepper (sumborka), gherkin, cabbage, and table grape. NOA is facilitating this effort by supporting the development of demonstration plots to introduce new crop varieties and growing technologies. New trellis technologies are being introduced for table grapes and for gherkins.

4.2.1.4 Effectiveness of Farmer to Farmer activities on supporting project objectives

The project has effectively utilized 13 farmer to farmer (FtF) volunteers to date. FtF volunteers, most of whom are retired technical specialists, provided specialized technology transfer support in the areas of cheese making, lettuce and gherkin production, and asparagus cultivation. One volunteer produced an initial table grape evaluation study that identified the recommended varieties to import and the production technology training support required to increase yields. The close integration of the FtF volunteer program, which is administered by a subcontractor within NOA's implementation framework, provides an example of excellent coordination on the part of both implementing parties who are not always present.

4.2.2 Conclusions

- NOA has been effective in supporting public sector agriculture institutions. The institutes that NOA supports serve an important scientific role by providing quality control testing and administrative import quality control functions; however, they are in need of funds and cannot adequately provide their intended services without additional trained staff and upgraded facilities.
- NOA's efforts to strengthen industry associations, including KDPA, KAMP, Plant Kosovo and PePeKo, to develop industry policy and legislative recommendations is playing a role in strengthening democratic policymaking that can have a positive impact on increasing sector incomes, expanding exports, reducing dependence on foreign imports, as well as increasing laws and regulations and improving membership knowledgebase.
- NOA's policy development support to MAFRD's leadership has had a major positive impact on formation of a legal, regulatory policy and strategy reform environment that facilitates NOA's project technology transfer and market linkage component results and supports private sector commercial development.
- The MAFRD EAU that NOA has established has had some initial successes in preparing policy-related economic analysis reports.

- Direct linkage to collection centers that NOA established, using formal contracting procedures, helps reduce a major small grower market risk factor and improves the long-run financial viability of the small-scale family business.
- The MAP sector has the potential for quickly increasing the number of women beneficiaries and strengthening the project focus on reducing rural unemployment and poverty.
- The FtF program is well integrated into NOA and the 13 volunteers have, to date, provided very effective and valuable grower training and support.

4.2.3 Recommendations

- Current technical support provided by NOA to the various publicly supported research institutes is very appropriate but any requests by these institutes for additional financial support to augment staff or physical infrastructure should be directed to EU donors as future development of these institutes will take place under the evolving EU legal and institutional environment.
- NOA's approach to strengthening private sector industry associations is on target and should continue.
- NOA's current project activities in the MAP sector should be quickly expanded to increase their impact on women and farm families with limited access to capital and sufficient labor surplus by holding grant competitions to support the purchase of small-scale, collection center level drying equipment and expand production of specialized medicinal and aromatic crops, including black marshmallow and chamomile.
- NOA's FtF program model should be used by USAID in designing future FtF programs.

4.3. SECTION III: NOA'S POTENTIAL FOR ACHIEVING PROJECT OBJECTIVES, POST NOA SUSTAINABILITY, AND PMP MODIFICATION

4.3.1 Findings

4.3.1.1 NOAs potential for achieving current project objectives. Modifications or changes needed to achievement of current project objectives

NOA's potential for achieving its current objectives. Based on discussions with NOA project staff, with NOA project beneficiaries and with MAFRD officials, as well as barring unforeseen obstacles, all major NOA objectives and targets will be met by the project closeout date of February 2015.

NOA is well-managed, with a well-trained and motivated technical and administrative staff that is committed to supporting the project beneficiaries and strengthening the processing and marketing enterprises and private sector production with which it works. Grants, requiring matching beneficiary cost support are overall well-targeted and well managed. Farm level demonstration grants, including higher yielding seeds and planting material, accompanied by improved technology such as drip irrigation, trellising for grapes, gherkins, apples and pears, are well-targeted among identified community farm leaders and value chain drivers.

The Evaluation Team noted in several cases that this technology transfer support was provided to highly capitalized crop farming operations that were either buying from neighboring small-farmer growers or intending to buy from them. This enabled participants to perform the very important collection center function that is an absolute requirement for drawing the small-scale family farmer into the commercial value chain linkage community. These larger farmers also served as the focus of several NOA sponsored field days with farmers attending from all over Kosovo.

4.3.1.3 Sustainability of current project activities and actions needed to improve sustainability

Value Chain Sustainability: Long-run sustainability of project activities relates directly to the ability of current NOA direct and indirect beneficiaries to maintain farm business profitability. The strategic strength of NOA is its focus on creating collection centers with the technical capability and the financial

capacity to collect raw product, meet quality standards, provide initial postharvest processing and grading functions, and move it upward in the value chain for further processing or sale to available domestic or export markets.

Within this context, the main factor for the success of the NOA project value chain is the ability of value chain participants to financially support their individual business operations. The primary driver measuring value chain financial outcomes is gross margin, which is defined as the difference between total income derived from an enterprise and the variable costs incurred. Variable costs include input costs and annual capital expenditure.

Table 5 below was developed by NOA and used the following equation to calculate gross margin shown in the first column of the figure below:

Gross margin = Revenue – (Input costs) – (Capital expenditures + depreciation)

To incorporate the cost of capital into the gross margin analysis the Evaluation Team added interest costs associated with a €20,000 loan over a one-year period and then recalculated the change to gross margins at various interest rate levels.[5]

All NOA supported value chains, with the exception of cabbage, are financially sustainable with interest rates of 10% or lower, assuming that farmers face credit repayment costs on a loan value of €20,000. However, only strawberries, lettuce, table grapes and raspberries have positive cash flows with interest rates at 30%. Saffron, asparagus, and apples become unprofitable at 25% interest rates; chamomile, gherkins, and peppers become unprofitable at 20% interest rates; and cabbage becomes unprofitable at 10% interest rates. Although NOA does not work with field grain crops, the interest rate weighted gross margin calculations demonstrate that these crops are significantly less profitable than the more labor-intensive high value crops promoted through the NOA Project.

Figure 5: Per Hectare Gross Margin* Calculations for NOA Value Chain Production Enterprises

Field Crop	Gross Margin with no loan	Gross Margin minus 5% interest	Gross Margin minus 10%	Gross Margin minus 15%	Gross Margin minus 20%	Gross Margin minus 25%	Gross Margin minus 30%
Strawberry	12,969	11,969	10,969	9,969	8,969	7,969	6,969
Lettuce	11,693	10,693	9,693	8,693	7,693	6,693	5,693
Table grapes	7,604	6,604	5,604	4,604	3,604	2,604	1,604
Raspberries	6,086	5,086	4,086	3,086	2,086	1,086	86
Saffron	5,035	4,035	3,035	2,035	1,035	35	(965)
Asparagus	4,921	3,921	2,921	1,921	921	(79)	(1,079)
Apples	4,789	3,789	2,789	1,789	789	(211)	(1,211)
Chamomile	3,530	2,530	1,530	530	(470)	(1,470)	(2,470)
Peppers	3,514	2,514	1,514	514	(486)	(1,486)	(2,486)
Gherkins	3,218	2,218	1,218	218	(782)	(1,782)	(2,782)
Cabbage	1,464	464	(536)	(1,536)	(2,536)	(3,536)	(4,536)
Maize grain	592	(408)	(1,408)	(2,408)	(3,408)	(4,408)	(5,408)

[5] A €20,000 loan was selected as the basis for calculating the impact of interest rates on value chain profitability as it represents an average investment cost for constructing a 1,000 m^2 plastic greenhouse with irrigation. This is a typical size for small-grower. Some investment costs may be higher, for example, modern apple orchard costs may be as high as €35,000, while other start-up investment costs may be lower.

Field Crop	Gross Margin with no loan	Gross Margin minus 5% interest	Gross Margin minus 10%	Gross Margin minus 15%	Gross Margin minus 20%	Gross Margin minus 25%	Gross Margin minus 30%
Wheat dry	341	(659)	(1,659)	(2.659)	(3,659)	(4,659)	(5,659)
*Gross margin per hectare for selected field crops grown in Kosovo, assuming production at modest levels of management and including the cost of depreciated capital over a reasonable life of the investment ranked by annual margin in Euros.							

Sustainability of value chain drivers is dependent on the ability to compete on price and quality with similar or identical imported products. This, in part, depends on favorable macro-economic conditions affecting fixed and variable costs of the individual enterprises. It is also dependent on retaining and even expanding retail and export markets. The Evaluation Team obtained a very positive image of the value chain drivers interviewed in the course of the evaluation. Most had good business vision and thus, barring currently unforeseen political or economic conditions, the vast majority of the firms will remain viable after the phase out of NOA's technical support.

The above positive discussion of value chain sustainability relates only to the current set of NOA's beneficiaries. Given the underlying assumptions, the Evaluation Team is of the opinion that the majority of the current beneficiaries will continue to evolve positively after withdrawal of NOA's technical support. However, the positive impact that NOA has had on reducing rural poverty and unemployment from expanding access of capital poor small-scale farmers to new planting materials, modern production technologies, and linkage to expanding domestic and export markets will not continue after NOA's completion date.

MAFRD Policy Analysis and Coordination Capacity: The Evaluation Team is positive about the forward-looking vision of the current MAFRD leadership. However, concern was expressed by the Advisor to the MAFRD Minister that without continued NOA commodity policy support, the current momentum that is supportive of the market linkage and technology transfer development activities cannot continue. He indicated that long run sustainability is dependent on the ability of the new EAU to sufficiently expand its staff and policy analysis expertise base. While enjoying some initial success, for example the recent publishing of the *Green Report*, based on the discussion with the Ministerial Advisor, EAU will not be financially or technically self-sustaining by NOA's completion date.

4.3.1.4 Improving project Performance Management Plan to provide better data and information for management decision making

The causal relationship between NOA's activities and the PMP domestic and export sales and the FTE indicators is not identified, and the contribution of the specific value chain level (grower, collection station, processor and exporter) to the total cannot be determined from the published reports. Explanation of NOA's causal impact is dependent on: 1) number of beneficiaries; 2) yield per hectare; and 3) total hectares. This information is not currently contained in the published reports, but some of the data to determine the causal relationships are now collected by NOA Monitoring Information System.

Currently, published indicators of sales and FTEs contained in indicators AO2.1, AO2.2, AO2.3 and AO2.4 do not disaggregate sales and worker data by value chain. PMP indicators capture data from all activity levels and then aggregate the data into the PMP's established indicator table. As a result it is not clear from the published information if the value represents sales or FTE data at the production level or at the various value added levels (collection station, retail sales etc.)

The current sales and FTE indicators apply a multiplier function to each of the value chain direct sales and FTE figures (1.84 for sales and 1.96 for FTE) to measure the imputed indirect and induced impact of

the direct project impact[6]. This creates further imprecision and distorts the objective of measuring the direct impact of NOA activities by providing a non-justifiable estimate of indirect and induced impact from other value chain participants outside the NOA project environment.

Another PMP limitation relates to the PMP definition of three IR indicators:

IR1.1-Number of delivery contracts issued for targeted crops.

IR2.1-Number of new markets entered for target value chain products.

R1.3-Number of participants in study tours, B2B, market investigation and trade shows.

For each indicator, the baseline is 0, suggesting that their progress is measured as a result of program interventions. However, the indicator descriptions do not include the standard phrase "as a result of United States Government (USG) assistance," suggesting that they are independent of planned project interventions. If this is the case, the baseline needs to be updated to more accurately reflect their program starting point. Alternatively, if these indicators are measuring project impact, the indicator descriptions needs to state that they are results of USG assistance or program interventions.

4.3.2 Conclusions

- Barring unforeseen obstacles, all major NOA objectives and targets will be met by the project close-out date of February 2015.
- Based on NOA's achievements to date, no modifications are needed for activities that are now underway.
- Gross margin analysis and interviews with value chain drivers during the course of the evaluation indicated that, barring currently unforeseen political or economic conditions, the vast majority of firms, including women farm leaders, will remain viable after the phase-out of NOA's technical support.
- Gross margin calculations show that field grain crops are significantly less profitable than the more labor-intensive high value crops that NOA promotes and indicates that they demonstrate questionable sustainability when compared with the value chains targeted by NOA.
- The current dynamic level of policy reform supporting the continuing development of the agricultural and agribusiness sector is likely to decline when NOA ends in February 2015.
- NOA's published indicators for total, domestic, and export sales and for FTE workers tend to overstate the causal impact from NOA's development activities and do not provide information disaggregated by value chain.
- Current sales and FTE indicator presentations misrepresent NOA's actual impact by including a multiplier derived using questionable analysis that purports to measure the impact of indirect and induced impact that are outside the project implementation environment, thus distorting the indicator measurement of direct project impact.

[6] The multiplier, which was calculated and used by the predecessor KPEP project, measures the additional income and jobs created as the product moves upward in the value chain. In the case of production agriculture it also includes income and jobs gained by suppliers of inputs such as fertilizers, seeds and fuel. These impacts are referred to as *indirect effects*. In addition, the new workers in these upstream and downstream sub sectors spend a portion of their income locally to meet household needs, and this spending creates new jobs and income. The jobs and spending created as a result of these activities are called the *induced effect*. The sum of the direct (calculated by the NOA PMP), indirect, and induced effects is the *total effect* and the process of job creation and income generation continues so long as some portion of spending remains local. Thus, the multiplier is an estimate of the additional economic activity resulting from the new investment in the originating subsector, in this case the agricultural production sector and is added to the direct effect. The Evaluation Team reviewed the analysis completed by the previous project and found that the methodology used does not adequately address the differing value chain value added technologies associated with the 13 value chains included in the NOA Project.

4.3.3 Recommendations

- Discussions should be undertaken between MAFRD, USAID and NOA to develop modalities for institutionalizing within the EAU the current policy development support now informally carried out by the NOA project.
- Modify the current NOA PMP indicator presentation of total sales, domestic sales and export sales by calculating annual figures that take into account changes in the number of beneficiaries, yield and area planted in order to more accurately measure the causal impact of NOA's interventions on these indicators.
- PMP indicators for each value chain should be reported in NOA Annual Reports to provide readers with an understanding of the impacts from each value chain.
- Introduce into the NOA Monitoring Information System an additional internal reporting table to provide commodity-by-commodity indicators that include the sales and FTE impact on farm level growers, the sales value-added from linkage to value chain drivers (collection stations, processors, exporters, retailers) and the total direct impact from NOA's activities.
- Discontinue use of the multiplier coefficients now added to PMP sales and FTF published information as they distort the direct project impact.

4.4 SECTION IV: POST-NOA PROJECT OPPORTUNITIES IN THE AGRICULTURE SECTOR

4.4.1 Findings

4.1.1.2 Results of the mini-survey conducted with private farmers and value chain drivers

To gauge perceptions of private farmers and value chain drivers about major constraints that need to be addressed, future training needs, and policies that need to be in place in order for them to expand their business and increase their profits, the Evaluation Team conducted a mini-survey with 69 stakeholders.

In this mini-survey, the Evaluation Team asked private farmers and value chain drivers to list their top five constraints to their business operations expansion, using a common set of questionnaire constraint options as shown in Annex 4, NOA Evaluation Individual Interview. The complete constraint analysis is presented in Annex 8 and results are summarized in this section.

Private Farmer Constraint Analysis: Private farmers were asked the question: *What are the five major constraints that keep you from increasing your business profits*? The severity of constraints was rated from 1 to 5, with 1 being the minimum and 5 the maximum. The top 5 constraints listed are presented in Figure 6, below.

Figure 6: Top 5 Constraints that Prevent Private Farmers From Increasing Profits

Constraint	Ranking
Poor product quality that doesn't meet market standards	3.67
Lack of credit (interest rate too high) to buy production inputs and buy equipment/machinery	3.54
Lack of quality seeds and planting materials on local markets	3.42
Lack of technical knowledge needed to become more efficient	3.27
Lack of storage facilities	3.21

Two other constraints, *lack of appropriate fertilizers on local markets*, and *unattractive product prices*, ranked near 3. Private farmers did not view *poor quality of available labor* or *lack of proper packaging material* as major constraints.

Average rankings convey a sense of importance of each constraint to the individual respondents, but rankings alone do not indicate the number of respondents who discussed each constraint. For this

purpose, calculating the percentage of all respondents that indicate their concern about each specific constraint provides an indication of the overall intensity of the constraint.

The response intensity analysis shows that 80% of all respondents identified *high interest rates for buying production inputs* as one of their five major constraints. Almost 60% selected *lack of proper packaging materials*, while just over 50% indicated that *tough competition from neighboring countries* was one of their five major constraints.

Value Chain Driver Constraint Analysis: Value chain driver (collection center, processor and exporter) responses to the same set of constraint questions resulted in a different set of responses than from private farmers. *Lack of domestic product market access, lack of appropriate fertilizers on local markets, lack of appropriate technical knowledge needed to become more efficient, tough competition from neighboring countries,* and *lack of credit (interest rate too high) to buy production inputs*, all ranked above 3.5 out of a maximum of 5 on the ranking scale. *Not enough labor* did not register as a constraint for the value chain driver group, *but poor quality of labor* registered at 2 out of a maximum of 5. *Lack of quality seeds and planting materials on local markets* was also an important constraint.

As with private farmers, the value chain driver respondents had a high intensity score for *lack of credit (interest rate too high) to buy production inputs,* and *tough competition from neighboring countries* (71% and 69% respectively*). Lack of credit (interest rate too high) to buy equipment/machinery* had an intensity score of 50%.

Respondents were also asked to identify the funding sources used for covering production costs and equipment purchases. 80% indicated that use of savings or profits were a source of funds to meet production and investment expenditure with just under 40% indicating borrowing from family members or taking bank credit. More than 50% of all respondents indicated that they received in-kind funding from donor projects through matching grant programs supported by NOA as well as by other donors. This result is consistent with the constraint responses indicating that lack of credit (high interest rates) is one of the main constraints to increasing business profits.

The field survey asked all respondents to identify new government policies that would most benefit their future business prospects. The most frequent responses included: 1) improve import quality standards to reduce the import of low quality seeds, planting materials and fertilizers; 2) eliminate dumping of foreign food imports at prices that are below production costs; and 3) reduce farm level fuel prices by waiving a portion of the import excise tax.

Major project provided services

Field Survey Results: From 2011- 2013, NOA trained and provided support to over 2,864 individuals in agriculture productivity. Field survey respondents were asked to list the "kind and type of training and other support received from the NOA project". Figure 7 below indicates their responses.

Figure 7: Type of Training and Other Support Received from NOA

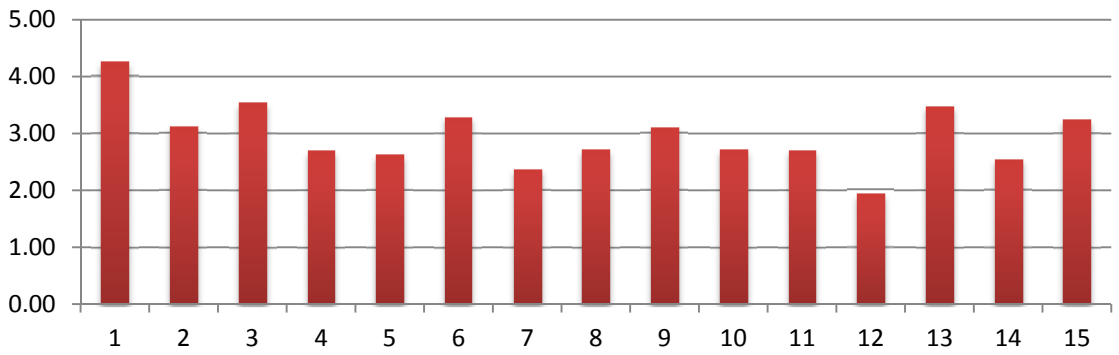
Type of Training	Percentage
Technical advice and training for improving product quality	50%
Technical advice and other support for farm production processes	45%
Technical advice from a foreign specialist	42%
Access to NOA grants	42%
Postharvest training	40%
Direct market linkage facilitation	30%
Technical support to improve product packaging, labelling and branding	30%

Survey respondents were asked to rank the usefulness of the training and advice received from NOA and from the grant program. With respect to the *usefulness of the technical knowledge provided*, 96%

indicated that the training was very useful, and 97% of the grant recipients indicated that the grant program results were very useful.

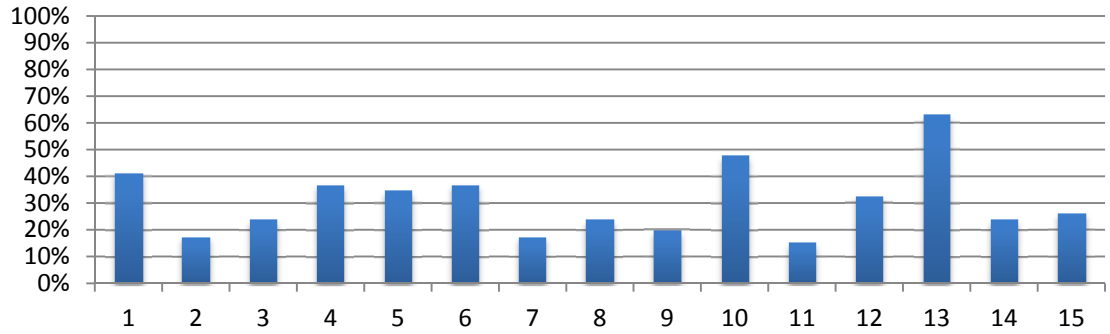
Private Farmer Future Needs Analysis: Figures 8 and 9, below, summarize private farmer field survey responses to the question: "*Thinking about the training, technical advice, and other support received from the NOA, what are the five most important factors to improving your future business profitability?*"

Figure 8: Private Farmer Average Ranking of Most Important Future Support Needed From NOA (n=46)
(5: maximum and 1: minimum)



1-Technical support for farm production, 2-Technical support for post-harvest handling, 3-Technical support for product market development, 4-Direct market linkage to new markets, 5-Technical support for improving product quality, 6-Technical support to improve product packaging, 7-Technical support to upgrade worker skills, 8-Technical support from foreign specialist, 9- Technical support for cold storage facilities, 10- Study tours to foreign countries, 11-Field trips in Kosovo, 12-Trade fair participation, 13-Access to NOA grants and subcontracts, 14-Project facilitation to access formal credit sources, 15-Direct support to obtain GlobalGAP/HACCP certification .

Figure 9: Private Farmer Response Intensity of Most Important Future Support Needed from NOA (n=46)



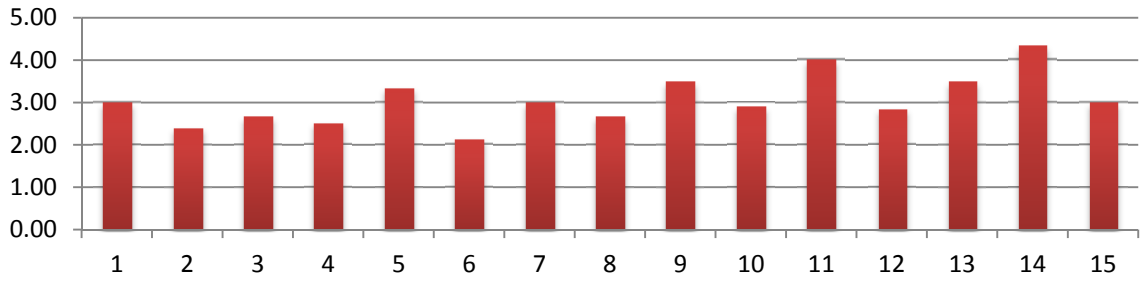
1-Technical support for farm production, 2-Technical support for post-harvest handling, 3-Technical support for product market development, 4-Direct market linkage to new markets, 5-Technical support for improving product quality, 6-Technical support to improve product packaging, 7-Technical support to upgrade worker skills, 8-Technical support from foreign specialist, 9- Technical support for cold storage facilities, 10- Study tours to foreign countries, 11-Field trips in Kosovo, 12-Trade fair participation, 13-Access to NOA grants and subcontracts, 14-Project facilitation to access formal credit sources, 15-Direct support to obtain GlobalGAP/HACCP certification .

As Figure 8 indicates, *technical knowledge for farm production processes* was ranked the highest and received a rank of 4.2 on a scale of 5. *Access to NOA grants, technical knowledge to improve product packaging, labeling and branding, and technical knowledge for product market development processes* received scores of approximately 3.5. *Trade fair participation* ranked relatively low at just under 2.

Figure 9 provides the intensity scores for the private farmer group. It indicates a high intensity for *access to NOA grants* (61%) and *study tours to foreign countries* (49%). At 40% or just under 40% were *direct market linkage facilitation to access new domestic/export markets, technical advice and other support for improving product quality, and technical advice to improve product packaging, labelling and branding*. All other responses were at intensity levels of less than 20%.

Value Chain Driver Future Needs Analysis: Figure 10 summarizes the value chain driver response to the future needs field survey question. Unlike the private farmer group, value chain drivers ranked *project facilitation to formal credit sources* at 4.4 out of 5. While NOA does not formally engage in credit facilitation, this response rate suggests that the value chain drivers may be priority candidates for participation in the credit guarantee program.

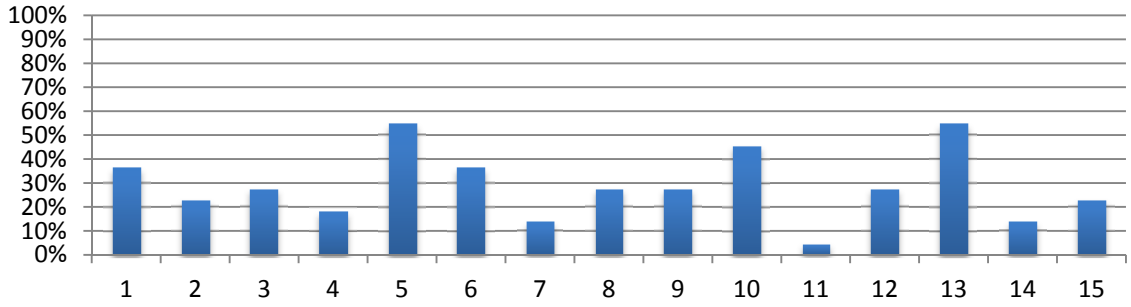
Figure 10: Value Chain Driver Average Ranking of Most Important Future Support from NOA (n=23)
(5: maximum and 1: minimum)



1-Technical support for farm production, 2-Technical support for post-harvest handling, 3-Technical support for product market development, 4-Direct market linkage to new markets, 5-Technical support for improving product quality, 6-Technical support to improve product packaging, 7-Technical support to upgrade worker skills, 8-Technical support from foreign specialist, 9-Technical support for cold storage facilities, 10- Study tours to foreign countries, 11-Field trips in Kosovo, 12-Trade fair participation, 13-Access to NOA grants and subcontracts, 14-Project facilitation to access formal credit sources, 15-Direct support to obtain GlobalGAP/HACCP certification .

Field trips to other places in Kosovo also ranked highly at 4, while *technical advice to install cold storages*, *access to NOA grants*, and *technical advice for improving product quality* all ranked between 3.4 and 3.5. Figure 11 measures the response intensity of the value chain drivers to the future needs field survey question.

Figure 11: Value Chain Driver Intensity of Most Important Future Support from NOA (n=23)
(as a percentage of total responses)



1-Technical support for farm **production, 2-Technical support for post-harvest handling, 3-Technical support for product** market development, 4-Direct market linkage to new markets, 5-Technical support for improving product quality, 6-Technical support to improve product packaging, 7-Technical support to upgrade worker skills, 8-Technical support from foreign specialist, 9- Technical support for cold storage facilities, 10- Study tours to foreign countries, 11-Field trips in Kosovo, 12-Trade fair participation, 13-Access to NOA grants and subcontracts, 14-Project facilitation to access formal credit sources, 15-Direct support

The highest intensity score of 51% was recorded for *access to NOA grants* and for *technical advice for improving product quality*. *Study tours to foreign countries* scored at 46%. Both received importance rankings of about 3.5. While *field trip to other places in Kosovo* ranked high among the respondents listing this support component, the very low intensity score (5%) indicates that it is not important as an overall need. Similarly, *technical advice to upgrade worker skills* displays a rather low intensity score (12%) with a rather high importance ranking (3). *Project facilitation to access formal credi*t received a very high importance ranking but the intensity score of 11% was quite low.

4.4.1.1 Commodity value chain activities to promote food sustainability and export development

As developed in Section 4.3, the large majority of current NOA beneficiaries will be able to sustain their current commercial activities, but in the absence of a project with agricultural development components similar to NOA's, the positive poverty and unemployment alleviation dynamics that are now in progress will be lost. During the interview with the Evaluation Team, the Advisor to the MAFRD Minister stated that, in his opinion, the MAFRD and EAU will not yet have the technical capacity after NOA's completion to conduct the in-depth analyses required to address value chain market linkage and market domestic and export development related policy research, as well as to continue the current level of policy advocacy now supported by NOA's project staff. He indicated that he would support continued donor assistance in this area.

Earlier in the report, it was shown that all current value chain commodities are financially viable. Therefore, when viewed on a gross margin only criteria, all current value chains are considered viable for current expansion. However, at the farm production level, some commodity value chains are more labor intensive than others, some require a higher investment per worker, some require more complex technologies, and others take longer time to yield a commercial return. Figure 12, developed from analysis used to design the original NOA project, summarizes labor, capital and production technology characteristics for NOA supported value chains and provides a decision-making hierarchy for matching growers with commodities to optimize overall project support activities:

Figure 12: Value Chain Commodity Production Characteristics

Value Chain	Labor Intensity	Capital Intensity	Production Technology	Years to First Return	Gross Margin Return
Table Grape*	High	High	Moderate to Complex	Three	Very High
Apple	Moderate	High	Complex	Three	High
Raspberry	High	Low	Simple	Two	High
Strawberry	High	Moderate	Moderate	One	Very High
Blueberry	High	Low	Simple	Three	High
Blackberry	High	Low	Simple	Three	High
Saffron	High	Moderate	Complex	Three	High
Asparagus	High	Moderate	Complex	Three	High
Gherkin	High	Moderate	Simple	Immediately	High
Pepper	High	Moderate	Simple	Immediately	High
Lettuce	High	Moderate	Moderate	One	Very High
MAP**	High	Low to Moderate	Simple to Moderate	Immediately -2	High
Dairy	Moderate	High	Moderate	Immediately -3**	Moderate

Source: Booz Allen Hamilton. (2010). Kosovo Agricultural Opportunities Strategy. Pristina, Kosovo: USAID.
*Moderate technology intensity for seeded grapes, high technology for seedless grapes
**Low intensity for gathering wild plants; moderate intensity for domestic production
***Assumes purchase of milking cows or raising calves to maturity

- Within the USAID small-scale family farm priority, the most likely expansion of commodities, assuming existence of a strong domestic or export markets, are those with high labor intensity, low to moderate capital intensity, simple to moderate production technology, quick income return to investment, and high gross margin return. Such commodities include MAP, raspberry, blueberry, blackberry, strawberry, gherkin, and pepper.
- Commodities such as asparagus and saffron yield a longer-term income stream but require complex technology and several years of development before attaining full commercial yield capacity. As a result, the short-run impact on the target farm population will be limited, but future income growth is potentially large as export market linkages have been developed for their sale to buyers, for example in the Netherlands and Belgium.
- Apple and related pome fruit expansion can help reduce imports. However, their expansion should be undertaken by producers with a sufficient capital and technology base to absorb the risks associated with these crops. Information obtained during the field interview phase suggests initial per hectare capital costs of $50,000, which includes imported rootstock, drip irrigation, trellis installation, and anti-hail protection systems.
- Expansion of table grape poses a separate set of technology conditions. In the past, many farmers grew a seeded variety suitable for both wine and fresh consumption. Local demand for seeded grape most likely remains viable, but greater returns are available in premium domestic and export markets if quality control production and postharvest handling procedures are in place. Some seedless grape varieties require complex production technologies to attain maximum yield and it is not clear how many small-scale producers can master this technology.
- The dairy sector also contains special technology considerations associated with improving milk quality and yield that can be addressed by a future project working through the respective producer and processor organizations.

4.4.1.2 USAID/Kosovo actions to achieve greater participation of women in future agricultural program design

The MAP value chain is a rapidly growing subsector, as there is a strong and growing export market for these specialty products, of which some are harvested in the wild with others cultivated and harvested domestically. NOA has provided matching grants to the major value chain exporter, but has not yet provided grants to support production of domestic MAP products including chamomile and black marshmallow. The desire among small-scale growers to expand domestic production was noted in discussions with the director of the MAP export enterprise and was confirmed by an interview that the Evaluation Team conducted with a woman in the Istog area, who initiated black marshmallow production in 2013 and wants to expand operations.

Another action to achieve greater participation among women is to expand on the Korenica Women's Association model. During our interview, the association leader commented that in her experience many Kosovo men now "readily accept the strong involvement or leadership of women in business matters." This is significant since women farmers are often at a disadvantage when it comes to owning livestock, accessing financial services, and receiving targeted training and financial resources that will expand knowledge and confidence in becoming a lead farmer or other enterprise manager. Thus, Korenica Women's Association presents a strong example for women's participation in future USAID agriculture programs.

While there is a great interest by women to process local fruits and vegetables into traditional products, such as ajvar, tursai, and rechel, the Evaluation Team was unable to find an organization that has a proven record of post-donor financial feasibility. A common pattern is the formation of an association in order to receive a donor grant and at the end of the project, the group disbands and the effort falls into disarray. In this context, the GoK's effort to support development of small scale-farmers and commercial organizations implies that serious efforts by women or other individuals interested in forming commercially viable small-scale processing units should consider using a legal commercial business organizational form rather than an association legal organizational form.

4.4.1.3 Institutional strengthening activities to improve family income and food security of small-scale family farmers

MAFRD considers agriculture to be a "strategic priority" and is embarking on a Seven-Year Strategic Development Plan to expand *inter alia* the small-scale commercial agricultural production sector. By linking post NOA USAID agricultural development projects with this MAFRD strategy, localized institutional strengthening activities will directly impact small-scale family farmers and could have a material impact on reducing rural poverty and rural unemployment.

The MAFRD Seven Year Strategic Development Plan has been completed and donors will be requested to operate their programs within this framework. This program includes provisions to waive VAT tax on all small-scale growers - the current VAT exclusion affects only the dairy sector - as an inducement for them to become registered farmers and formally participate in the VAT program. By being registered within the VAT system, but being exempt from tax on their own production sales, they can still claim refunds on purchased inputs, thus adding an additional source of family income.

4.4.2 Conclusions

- Many farmers continue to fund their business operations through savings or profits, borrowing from friends or family members, or receiving in-kind funding from donor projects. This result is consistent with the responses indicating that lack of credit (high interest rates) is one of the main constraints to increasing business profits.
- Field survey responses indicated that private farmers are very satisfied with the training and support provided by NOA. The major future training needs identified by them included: 1) technical knowledge of farm production processes; 2) continued access to NOA grants; 3) study tours to foreign countries; 4) technical support to improve product packaging; and 5) direct linkage to new markets.
- Major agricultural policy modifications suggested by field survey respondents included: 1) improve import quality standards to reduce the import of low quality seeds, planting materials and fertilizers; 2) eliminate dumping of foreign food imports at prices that are below production costs; and 3) reduce farm level fuel prices by waiving a portion of the import excise tax.
- The field survey with private farmers indicated that high interest rates, lack of proper packaging materials, and tough completion from neighboring countries were the major constraints to expanding business profits. Value chain driver (collection centers, processors, exporters) field survey responses indicated that high interest rates for working capital loans, tough competition from neighboring countries, and high interest rates for capital investment loans, were major constraints to expanding their business profits. While NOA does not formally engage in credit facilitation, the response rate suggests that the value chain drivers may be priority candidates for participation in the DCA credit guarantee program.
- The most important future technical support needs for farmers included improved knowledge of technical production processes, access to donor grants to reduce high costs of borrowed capital, and technical knowledge to improve product labeling and branding, while value chain drivers' most important future technical support needs included donor facilitation to formal credit sources, access to donor grants to reduce the high cost of borrowing, technical advice for installing cold storages and improvement of product quality.
- MAFRD views NOA as very successful, and would support a similar value chain type project initiated after the completion of NOA in February 2015 that is targeted on individuals and enterprises that were not part of the original NOA set of beneficiaries.
- Linking post NOA USAID agricultural development projects with the 7-year Strategic Development Plan, will directly impact small-scale family farmers and could have a material impact on reducing rural poverty and rural unemployment.
- Commodity value chains characterized by high labor intensity, low capital requirements, simple to moderate production technology and immediate return on investment are the most appropriate commodities for future expansion by small-scale growers. Commodities with high capital intensity,

complex technologies and longer-term return on investment are better suited for growers with ready markets that can provide collection center crop aggregation support for the smaller-scale growers. Apple and related pome fruit expansion should take place within the project import substitution objective. With the new NOA introduced table grapes varieties now coming into production, continued technical guidance will be required prior to developing a small-scale grower strategy for this value chain sector.

- NOA's women's empowerment approach characterized by promoting women as lead farmers has been very successful and female-based group food processing activities have been successfully undertaken when directly supported by donor technical and financial support, but post-donor sustainability of food processing activities has not yet been proven and requires further observation.
- The greatest return to future USAID donor expenditure will be in value chains containing strong collection centers that are linked to large numbers of small-scale farmers whose income can increase dramatically by access to a steady domestic or export market.

4.4.3 Recommendations

Post-NOA project support should:

- Continue DCA credit facilitation support, since lack of credit is the main constraint, and include grant funds to support initial farm production and value chain driver investment to offset prevailing high interest rates.
- Focus future training and support on technology transfer, and domestic and export market linkage activities that improve production and market efficiencies and effectiveness through improved quality control, packaging and product labeling.
- Target dedicated institutional strengthening support to the EAU so that it becomes proficient in agricultural sector policy analysis, formulation, and coordination. Future policies in which EAU needs to focus include: 1) improving import quality standards to reduce the import of low quality seeds, planting materials and fertilizers; 2) eliminating dumping of foreign food imports at prices that are below production costs; and 3) reducing farm level fuel prices by waiving a portion of the import excise tax.
- Target chain project support, structured within the context of the GoK's Seven-Year Strategic Development Plan, to individuals and enterprises not reached by the current NOA project and have as the primary objective the ability to expand small-scale farmer access to domestic and export markets as it is the most effective means of accomplishing the USAID /Kosovo Economic Growth Strategy of creating jobs in the rural sector thus directly alleviating the causes of existing rural poverty. Secondary objectives should include import substitution and strengthening of industry. Within this context:
  - Place priority emphasis on MAP, strawberry, other berry, greenhouse and open field gherkin, pepper, and related high value field crop value chains to gain the greatest impact on reducing rural poverty and unemployment, future agriculture. These beneficiaries need to be linked to strong value chain drivers, which may require priority orientation on matching grant funds to equip an expanding need for collection centers as new project roll out proceeds.
  - Retain lettuce, table grape, apple, and other pome fruit value chains as part of future USAID post-NOA project activities, as they represent Kosovo's major produce import deficit crops; retain asparagus as value chain candidates as they provide the potential for increasing Kosovo's export earnings.
  - Target dairy sector activities on institutional strengthening of the Kosovo Dairy Producers Association (KDPA) and the Kosovo Association of Milk Producers (KAMP) to facilitate subsector policy development and strengthen their capacity to provide technical production and processing support through the associations to their respective membership. The sector requires further expansion to attain milk and milk product self-sufficiency, and can contribute to increasing export earnings.

- Include group based women's food processing activities based on an assessment of their positive post-donor project sustainability. Such an assessment should be undertaken by NOA prior to its closeout date.

ANNEXES

ANNEX I: EVALUATION STATEMENT OF WORK

SECTION C - DESCRIPTION / SPECIFICATIONS / STATEMENT OF WORK

C. 1 INTRODUCTION

Name of Activity to be Evaluated: New Opportunities for Agriculture (NOA) Project
Implcmcnter: Tetra Tech ARD
Award Number: AID-EDH-I-00-05-00006, TO No AID-167-TO-11-00001
Contract Value: $ *15,899,714.00*
Life of Project: January 28,2011 - February 27, 2015
Period to be Evaluated: January 28, 2011 – Present

C. 2 BACKGROUND

Agriculture is an important pillar of Kosovo's economy and is a major contributor to employment. However, in the absence of a developed, commercialized agricultural sector, Kosovo is not self-sufficient in food production and relies heavily on imports. The country requires a more specialized and modernized agricultural sector that is more productive and has a greater capacity to respond to market demands. Consequently, policies and initiatives to develop agriculture and increase its competitiveness are a priority for the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and many economic policy makers in Kosovo. Kosovo's optimal climate conditions and the availability of fertile land could result in comparative advantages in agriculture development and a decreased reliance on agriculture imports.

Despite the constraints, the agricultural sector has recently shown significant progress. From very low bases, exports of horticultural products grew nearly 260% from 2004 to 2008 while processed fruit and vegetable exports grew by over 700%. Export destinations also expanded dramatically although Albania and Macedonia still absorb about 50% of Kosovo's agricultural exports.

Between November 2009 and April 2010, USAID/Kosovo funded a series of assessments of the agriculture sector aimed at identifying both constraints to, and new opportunities for, growth in agriculture and agribusiness. The resulting reports include: the Kosovo AgCLIR Diagnostic (December 2009); Kosovo Agricultural Opportunities Strategy (February 2010); Kosovo AgStrat Animal Products Study (April 2010); Kosovo Go to Market Crop Studies; (April 2010); and Kosovo Donor Mapping Summary (April 2010).

The AgCLIR Diagnostic identifies a range of issues confronting the start-up and operation of agribusinesses. The Kosovo Agricultural Opportunities Strategy (AgStrat) elaborates 21 initiatives in six theme areas to achieve growth in the sector, particularly agricultural exports, by diversifying Kosovo's crop mix and overcoming barriers to expansion. The AgStrat Animal Products Study adds animal products to the coverage of the larger AgStrat report, and the Go to Market Study provides follow-up analysis of selected products suggested for targeting under AgStrat. Donor activities and plans in the agricultural sector are detailed I the Donor Mapping Summary. All of these studies are available at www.usaid.gov/kosovo/eng. As a result of these thorough studies, and based on the recommendations of the Agriculture Strategy of 2013, USAID developed New Opportunities for Agriculture (NOA).

C. 3 NOA PROGRAM ACTIVITIES

The New Opportunities for Agriculture project is a four-year activity that began implementation on January 28, 2011 and will end on February 27, 2015. The goal of NOA is to increase Kosovo's agriculture output, exports, and rural incomes in support of USAID/Kosovo's Economic Growth Strategy of promoting growth, creating jobs and generating exports. The project's specific objectives will link products and farmers to markets; assist in diversifying and increasing the types and amounts of agricultural products produced in Kosovo; improve food quality and safety; increase access to affordable credit; and improve the overall coordination of donor projects within the agricultural sector in Kosovo.

- Market linkages that will connect farmers to identified markets for the targeted products via processors, traders, exporters or farmers' organizations in structures and ways that are appropriate, effective and sustainable and which provide opportunities to increase their sales and incomes.
- Increased and Diversified Agricultural Products by increasing the volumes produced and per unit values of the targeted high-value crops, working with processors to identify and develop new products and locating new markets for all targeted crops and products.
- Improved Food Quality and Safety in order to strengthen local organizations that will certify in international standards, support national informational campaigns and develop product testing capacity.
- Increased Affordable and Accessible Credit by introduction of new products that will enable small farmers and borrowers across the sector to meet the requirements of lending institutions and thus increase their possibilities for loans.
- Improved Coordination within the Agricultural Sector in order to provide strategic advice to the Minister and assist the Ministry in developing the strategy and systems they need to better man-age resources and discharge their leadership role.

When NOA was designed its main focus was export development, but recognizing the existing opportunities to expand sales and incomes through import substitution, NOA was amended in October 2012 to add import substitution development to its scope. Also, in September 2012 when the Kosovo Private Enterprise Program (KPEP) ended, and consistent with the current NOA Task Order, NOA picked up ongoing activities from KPEP supporting production and domestic and export market development of the following crops/value chains: Field and Greenhouse products, Medicinal and Aromatic Plants, and Dairy.

C. 4 PURPOSE

The purpose of this evaluation is to provide USAID/Kosovo with an objective external assessment of the management and performance of NOA's activities from January 2011 to the present.

C. 5 OBJECTIVE

This evaluation will document what has happened as a result of the NOA project (positive, negative, directly, indirectly, intended or unintended). The objectives of this evaluation are: (a) to provide an assessment of the impact of the NOA project to date in relation to the project purpose and expected results, (b) to recommend possible ways, if any, in which the project might increase the impact and performance of its services over its remaining life of the project, and (c) to provide USAID with lessons learned that can be used to guide future programming in the agriculture sector.

C. 6 TARGETED STAKEHOLDERS

The primary target stakeholders for this assessment include USAID/Kosovo, especially the Director's Office, the Office of Economic Growth, and the Program Office. Stakeholders also include the Ministry of Agriculture and Forestry, other international donors, local agribusinesses and associations, and local farmer beneficiaries.

C. 7 SCOPE OF WORK

The Contractor will provide a three person team of experts to develop and implement an evaluation that elicits and analyzes information, and provides key findings, conclusions, and recommendations.

The Contractor will design and execute the evaluation to generate detailed knowledge about the performance of the NOA project, to measure accountability, project outcomes and benefits, as well as planning for future activities.

The Contractor will develop an evaluation plan, including a draft Work Plan, that is most appropriate and feasible to accomplish the objectives set forth. The Plan will include the description of methods and procedures that will be used in gathering and analyzing both qualitative and quantitative data.

The Contractor will reach, and collect data and information from, the widest possible stakeholder group, including project participants, current employees, implementing partners, direct beneficiaries, and other donors. After contract award, at the request of the Contractor, USAID/Kosovo will provide an initial list of the stakeholders and their contact information.

The Contractor will disaggregate collected data by sex to the greatest extent possible in order to ascertain how the project impacted men and women; how the activities affected the status and roles of women and men within the areas of intervention (for example roles in decision-making and different access to and control over resources and services); how results of the work affected men and women differently; and what specific benefits of the program can be uniquely and specifically attributed to targeting women.

USAID/Kosovo will provide the Contractor with key documents and background material relevant to Kosovo's agricultural sector and the applicable USAID design and project documentation, as well as any available documents deemed necessary to the Contractor to be familiar with the NOA activities. Documents attached to this RFTOP include:

A. NOA Performance Monitoring Plan (PMP) of November 2012
B. NOA Annual Report 2011
C. NOA Annual Report 2012
D. NOA 2013 Work Plan
E. NOA 2013 Quarterly Reports

C. 8 EVALUATION QUESTIONS

The Contractor must address the following *key questions* and may include others as necessary to meet the objectives of this evaluation. In addressing all evaluation questions the Contractor will do so in a manner and order that it determines to be most effective, efficient, and encompassing of all relevant stakeholders.

1. Results to Date:

- What has been the impact of the project in terms of growth of domestic sales, import substitution, export and employment?
- What services have been most effective?
- How effective and sustainable are the various activities?
- How are the project's implementation approach and strategies helping development of the agriculture enterprises?
- How is the use of grants to the counterparts, as well as institutional collaboration (with government, non-government business network partners), helping with the development of agriculture enterprises?
- Is the project effective in identifying policy constraints, analyzing the impact of policy decisions on private agribusiness, and initiating policy reforms?
- Are the project activities effective in terms of strengthening agriculture support institutions?
- What are the major factors influencing the achievement or non-achievement of the objectives?
- To what extent has the project influenced Government of Kosovo (GOK) programs and private sector partners (including the financial sector institutions)? Is the project on-track to achieve its objectives by the end of the project?
- To what extent have the project interventions helped facilitate the involvement of women in the agriculture sector in Kosovo?

2. Opportunities for NOA:

   - Examine scope of improvements in project activities and modes of operations for the rest of the project period based on the finding of the aforementioned tasks.
   - To what extent are the objectives of the program still valid?
   - How can NOA best ensure the long term sustainability of activities supported by the project?
   - How can USAID/Kosovo achieve greater participation of women in future agriculture program design?
   - How can the project's Performance Management Plan (PMP) be improved to provide better data and information to management decision making?

3. Opportunities in Agriculture sector after NOA

   - Based on the principle findings of the evaluation, a review of other documents (including any recent assessments of USAID projects, or assessment of other donors), and discussions with key counterparts, what kinds of activities, within the field of agriculture and agribusiness, should USAID consider supporting after the completion of the NOA project?
   - What recommendations could be made about future programs in this sector?

C. 9 METHODOLOGY

This performance evaluation will rely on a mix of methods, including documentation review, small surveys, and in-person or telephone interviews with key informants in the U.S. and in person interviews in Kosovo. The Contractor will review all the available documents provided by USAID Kosovo in the U.S. prior to departure to Kosovo. Upon review of the documents, the Contractor must develop an evaluation plan that is most appropriate and financially feasible to accomplish the goals outlined in the SOW. In considering the evaluation design, the Contractor must strive to incorporate diverse information gathering approaches in order to reach the widest possible sample of the main target audiences.

In preparing a data-gathering approach, questions should be tailored to reflect, as appropriate, the specific roles of the stakeholders. The data analysis plan will include how direct interviews and/or focus group interviews will be transcribed and analyzed; what procedures will be used to analyze quantitative data from surveys and qualitative data from key informant and other stakeholder interviews; any methodological limitations; and how the evaluation will weigh and integrate qualitative data with any quantitative data. All data will be disaggregated by sex, as appropriate.

C. 10 TIMELINE

Due to the seasonal nature of the project, the target date for that start of the evaluation is January 2014, with all work completed by the end of February 2014. USAID requests that a timeline for this work be presented. The timeline should include highlights of work such as dates for arrival in country, preliminary meetings, data collection/entry/analysis efforts, out briefings, and draft and final report submissions. This timeline will be made part of the award.

C. 11 RELATIONSHIPS & RESPONSIBILITIES

In accordance with USAID Evaluation Policy, this Task Order will be managed by the USAID/Kosovo Program Office. The Mission's Monitoring and Evaluation (M&E) Specialist, or his/her designee, will be the designated Task Order Contracting Officer's Representative (TOCOR) for this award. Upon arrival in Kosovo, the Contractor shall meet with the M&E Specialist and representatives from the USAID/Kosovo Economic Growth Office prior to starting any work.

All logistical and administrative support will be the responsibility of the contractor. The Contractor will be solely responsible for obtaining transport and translation services.

C. 12 ADDITIONAL REQUIREMENTS

An acceptable report will meet the following requirements as per USAID rules and procedures (please*:* http://transition.usaid.szov/evaluation/IIowtoNote-PreparingEvaluationReports.pdf. The following considerations will also be included:

- The evaluation report will represent a thoughtful, well-researched and well-organized effort to objectively evaluate what program activities were most successful in achieving the desired results, what did not work and why.
- The evaluation report will address all evaluation questions included in the scope of work.
- The evaluation report will include the scope of work as an Annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline shall be agreed upon in writing by the USAID/Kosovo M&E Specialist.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists and discussion guides will be included in an Annex to the final report.
- Evaluation findings will assess outcomes and impacts using gender disaggregated data.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparative groups, etc.).
- Evaluation findings will be presented as analyzed facts, evidence, and data and not based on anecdotes, hearsay, or the compilation of people's opinions.
- Findings shall be specific, concise, and supported by strong quantitative or qualitative evidence.

- Sources of information shall be properly identified and listed in an Annex, including a list of all individuals interviewed.
- Recommendations shall be supported by a specific set of findings.
- Recommendations shall be action-oriented, practical, and specific, with defined responsibilities for each action.

All quantitative data collected by the evaluation team must be provided to the TOCOR in an electronic file in an easily readable format agreed upon with the TOCOR. The data shall be organized and fully documented for use by those not fully familiar with the project or the evaluation. USAID/Kosovo will retain ownership of the survey and all datasets developed.

[END OF SECTION C]

ANNEX 2: EVALUATION DESIGN AND METHODS

The methodology for NOA's evaluation was carefully designed to respond to the evaluation questions posed in the SOW and to determine whether NOA has made progress towards its initial objectives. The Evaluation Team collected quantitative and qualitative data from a broad range of stakeholders and beneficiaries to ensure objectivity, as well as accuracy and completeness of the findings, conclusions and recommendations. Data was collected by using techniques that balance each-other: quantitative vs. qualitative data; individual vs. group responses; and semi-structured interviews vs. analysis of mini-surveys.

The following main methods and sources were used:

- Critical desktop review of materials related to NOA, such as project quarterly and monthly reports, annual work plans, performance management plans (PMPs), project design documents, and communication among partners. The Evaluation Team also reviewed a wide range of project-related documents found on the web, news articles for background information, and more. The documents reviewed are provided in Annex C. The documents reviewed captured background information on the project: its goals, stakeholders, inputs, outputs, and outcomes. They were also used to assess value chain financial viability, labor, and capital intensity, and production technology characteristics associated with each of the commodity value chains being addressed by NOA. Review of the Performance Monitoring Plan provided a further basis for determining whether the project activities were implemented as planned and identifying any challenges or problems that delayed or altered their implementation.
- In-depth interviews with USAID and NOA staff.
- 50 semi-structured interviews, with partners, private farmers, food processors, impor-export businesses, women's associations, industry associations such as Kosovo Dairy Processors, Austrian Development Agency, NGOs including Action for Revitalization, and Initiative for Agricultural Development and more.
- Field visits to municipalities of Vushtri, Suhareke, Shtime, Shterpce, Rahovec, Prizren, Pristina, Peja, Mitrovice, Mamushe, Lipjan, Kline, Istog, Gjokove, Gjilan, Fushe Kosove, Ferizaj, and Decan.
- Four FGDs with women's associations, to gain a direct understanding of the activities, value chain linkages, and long-run financial viability of the organizations.
- A mini-survey to gauge perceptions of project results among 69 stakeholders.
- Direct observations to crosscheck information (e.g. comparing statements to observed practice) and identification of factors not previously recognized.

In total, the Evaluation Team collected information from 139 individuals. Interviews with MAFRD, NOA, and USAID staff used open-ended questions designed to address the relevant SOW questions. They were supplemented by use of formal survey instruments with NOA direct and indirect beneficiaries using a standard set of close-ended questions that also provided respondents with the opportunity to expand on their responses. Focus group discussions (FGDs) were used to interact with four women's associations.

Site visits were determined in consultation with USAID and NOA staff with the final decision based on schedule, budget, logistics, and concentration of activities of interest. The goal was to meet stakeholders who are involved in all NOA value chains at different levels of involvement. For the purpose of this evaluation, a stakeholder is defined as a person with an interest or concern in NOA practices. Stakeholders included USAID, NOA project staff, and NOA value chains actors.

The team conducted four FGDs with women's agriculture associations, which included 39 individuals. This interaction enabled the Evaluation team to gain insight into gender empowerment practices implemented through NOA and their constraints to achieving greater success along their respective value chains.

Descriptions of Respondents			
	Open-ended Interviews	Surveys	FGDs
Municipality	Pristina	Vushtri, Suhareke, Shtime, Shterpce, Prizren, Pristina, Peja, Mitrovice, Mamushe, Kline, Istog, Gjilan, Fushe Kosove, Ferizaj, and Decan	Rahovec, Lipjan, Fushe Kosove, Gjokove
Number of respondents and NOA roles	31 USAID staff, NOA staff, and NOA value chain actors	69 NOA value chain participants	39 women's association members

Limitations to the evaluation included:

1. A number of questions during the interviews dealt with issues that took place in the past, so *recall bias* is possible. As NOA activities were launched in 2011, some respondents found it difficult to accurately compare organizational arrangements/access to services provided prior to project startup or specific information regarding crop yields.
2. There is a known tendency among respondents to under-report socially undesirable answers and alter their responses to approximate what they perceive as the social norm (*halo bias*). The extent to which respondents are prepared to reveal their true opinions may also vary for some questions that call upon the respondents to assess the performance of their colleagues or people on whom they depend for the provision of services. To mitigate this limitation, the Evaluation Team provided respondents with confidentiality and anonymity guarantees, and conducted interviews in settings that made respondents feel comfortable.
3. Small sample sizes of individual value chain respondent groups, given the evaluation time and financial constraints, do not support formal statistical representation of survey responses to the total population.

The table below summarizes the method by which the Evaluation SOW questions were addressed in the report narrative.

	Focus Area
Section I: Results to Date	- What has been the impact of the project in terms of growth of domestic sales, import substitution, export and employment? -What services have been most effective? - How is the use of grants to the counterparts, as well as institutional collaboration helping with the development of agriculture enterprises? .-To what extent has the project influenced Government of Kosovo (GOK) programs and private sector partners? -To what extent have the project interventions helped facilitate the involvement of women in the agriculture sector in Kosovo?
Section II: Current Effectiveness	-Are the project activities effective in terms of strengthening agriculture support institutions? -To what extent are the objectives of the program still valid? - Is the project effective in identifying policy constraints, analyzing the impact of

	policy decisions on private agribusiness, and initiating policy reforms? -How are the project's implementation approach and strategies helping development of the agriculture enterprises?
Section III: NOA Potential for Achieving Objectives	-How can NOA best ensure the long-term sustainability of activities supported by the project? -Is the project on-track to achieve its objectives by the end of the project? What are the major factors influencing the achievement or non-achievement of the objectives? -How effective and sustainable are the various activities? -.Examine scope of improvements in project activities and modes of operations for the rest of the project period based on the finding of the aforementioned tasks. -.How can the project's Performance Management Plan (PMP) be improved to provide better data and information to management decision-making?
Section IV: Opportunities in Agriculture Sector after NOA	-Based on the principle findings of the evaluation, a review of other documents and discussions with key counterparts, what kinds of activities, within the field of agriculture and agribusiness, should USAID consider supporting after the completion of the NOA project? -What recommendations could be made about future programs in this sector? -How can USAID/Kosovo achieve greater participation of women in future agriculture program design?

Evaluation Limitations

Limitations to the evaluation include the following:

1. A number of questions during the interviews dealt with issues that took place in the past, so *recall bias* is possible. As NOA activities were launched in 2011, some respondents found it difficult to accurately compare organizational arrangements/access to services provided prior to project startup or specific information regarding crop yields.
2. There is a known tendency among respondents to under-report socially undesirable answers and alter their responses to approximate what they perceive as the social norm (*halo bias*). The extent to which respondents are prepared to reveal their true opinions may also vary for some questions that call upon the respondents to assess the performance of their colleagues or people on whom they depend for the provision of services. To mitigate this limitation, the Evaluation Team provided respondents with confidentiality and anonymity guarantees, and conducted interviews in settings that made respondents feel comfortable.
3. Small sample sizes of individual value chain respondent groups, given the evaluation time and financial constraints, do not support formal statistical representation of survey responses to the total population.

ANNEX 3: DATA COLLECTION INSTRUMENTS

NOA Evaluation Individual Interview
Survey Form Number …… ……..... /_____/
Interview Date (ddmm)…… …… /_____/
Respondent Name_____

Respondent Age ……../_____/

(<25=1) (26-45=2)(46-60=3)(>61=4)

Respondent Gender ……..……M/F/_____/

Ask only for Production VC respondents

Are you considered a NOA Project Lead Farmer? ……. Y/N /_____/

Company Name _____

Phone (for companies) _____

E-Mail (for companies _____

Municipal Location……..……/_____/

01 Decan	05 Gjilan	09 Mamushe	13 Pristina	17 Shterpce
02 Drenas	06 Gjokove	10 Mitrovice	14 Prizren	18 Suhareke
03 Ferizaj	07 Kamenice	11 Peje	15 Rahovec	19 Other
04 Fushe Kosova	08 Kline	12 Podujeve	16 Shtime	

Farm Products grown, processed or sold with NOA Project Support……/_____/

01 Apple	04 Blueberry	07 Grapes	10 Nursery	13 Saffron
02 Asparagus	05 Dairy	08 Lettuce	11 Pepper	14 Strawberry
03 Blackberry	06 Gherkin	09 MAP	12 Raspberry	15 Other

Value Chain Participant Status……..……/_____/

01 Producer	03 Collection Center	05 Processor	07 Exporter	09 Nursery
02 Producer/Collection Ctr	04 Producer/Processor	06 Wholesaler/trader	08 Retail/supermarket	10 Other

Legal Organization Form……...……../_____/

01 Private Farmer	02 Private Trader	03 Limited	04 Joint Stock Co.	05 Association

	(NI)	Company		
06 Cooperative				

Survey Start Time _____

1. **Number of full time workers Hired** (225 days or more, include family workers)……
   Total /_____/ Men /_____/ Women /_____/

2. **Number of seasonal workers hired**.....…….
   Total /_____/ Men /_____/ Women /_____/

3. **Does your company have any special programs to promote hiring of women employees**……..Y/N /_____/

4. **Does your company buy agricultural products from out-growers?**.....Y/N/_____/

If yes ask Q 5 If no go to Q 7.

5. **Do you provide trade credits or other inputs (planting material, fertilizers, etc) to out-growers?**..... Y/N /_____/

6. **Do you provide technical advice to growers from whom you buy products?**.....Y/N /_____/

7. **Do you enter into formal contracts with growers from whom you buy products?**...../_____/

4 All the time	3 Most of the time	2 Less than half of the time	1 Never

8. **What are the five major constraints that keep you from increasing your business profits? (Provide list to respondent and ask them to identify the five that were the most important and rank from 1 to 5)**

1	Lack of technical knowledge needed to become more efficient	
2	Lack of credit(interest rate too high) to buy production inputs	
3	Lack of appropriate fertilizers (or other chemicals) on local markets	
4	Lack of quality seeds and planting materials on local markets	
5	Lack of credit (interest rate too high) to buy equipment/machinery	
6	Lack of appropriate machinery/equipment on local markets	
7	Lack of domestic product market access	
8	Poor product quality that doesn't meet market standards	
9	Lack of proper packaging materials	
10	Tough competition from neighboring countries	
11	Not enough available labor	
12	Poor quality of available labor	

13	Unattractive product prices	
14	Lack of storage facilities	
15	Other (List)	

9. Where do you get funds to purchase inputs and working capital? (tick all that apply)

1	Personal savings	
2	Borrow from family members	
3	Borrow from informal lenders	
4	Bank	
5	Micro finance	
6	Trade credits (from buyer of my products)	
7	Grants from donor organizations	
8	I can't get credit	
9	Other (List)	

If out-grower with no NOA participation go to Q17

10. What year did you start working with the NOA Project……..……/_____/

11. How has your production turnover changed since that time? (Provide information only for products for which you are working with the NOA Project)

Characteristic	2011	2012	2013
Tonnes			
Land area farmed (ha)			

Note: 100 ari = 1 hectare

12. How much of this change is due to NOA Project technical support?...../_____/

4 All	3 Most	2 Less than half	1 none

13. What kind of training or other support have you received from the NOA project? (Tick all that apply. Provide the list to the respondent and ask them to identify all that apply.

1	Technical advice/knowledge & other support for farm production processes (drip irrigation, trellising, etc)	
2	Technical advice/knowledge and other support for farm postharvest handling processes	
3	Technical advice/knowledge and other support for product market development processes	
4	Direct market linkage facilitation to access new domestic /export markets	
5	Technical advice /knowledge and other support for improving product quality	
6	Technical advice/knowledge and other support to improve product packaging, labelling and branding	
7	Technical advice/knowledge and other support to upgrade worker(employee) skills	
8	Technical advice/knowledge and other support from foreign specialist	
9	Technical advice/knowledge and other support to install cold storage facilities	
10	Study tours to foreign countries	
11	Field trips to other places in Kosovo	
12	Trade fair participation	
13	Access to NOA grants and subcontracts	

14	Project facilitation to access formal credit sources (banks, other financial organization, trade credits	
15	Direct support to obtain GlobalGAP/HACCP certification	
16	Other (List)	

14. Thinking about all of the assistance provided by the NOA project how would your rate its usefulness in improving your business profitability? (Tick one option only)……...……...../_____/

4 very important	3 somewhat important	2 not very important	1 no impact

For respondents that are implementing (or have implemented a NOA Project grant or subcontract) ask the following question.

15. How would you describe your experience with the grant/subcontract component of the NOA Project? (Tick one option only)……..…../_____/

4 very useful	3 somewhat useful	2 not very useful	1. needs improvement

16. In your own words please describe further your experience with the NOA grant and subcontract program

_____

_____

_____

17. Thinking about all technical training, advice and other support received from the NOA Project which ones do you think are the most important to improving your future business profitability? (Provide list to respondent and ask them to identify the five that were the most important and rank from 1 to 5)

1	Technical advice/knowledge & other support for farm production processes (drip irrigation, trellising, etc.)	
2	Technical advice/knowledge and other support for farm postharvest handling processes	
3	Technical advice/knowledge and other support for product market development processes	
4	Direct market linkage facilitation to access new domestic /export markets	
5	Technical advice /knowledge and other support for improving product quality	
6	Technical advice/knowledge and other support to improve product packaging, labelling and branding	
7	Technical advice/knowledge and other support to upgrade worker(employee) skills	
8	Technical advice/knowledge and other support from foreign specialist	
9	Technical advice/knowledge and other support to install cold storage facilities	
10	Study tours to foreign countries	
11	Field trips to other places in Kosovo	
12	Trade fair participation	
13	Access to NOA grants and subcontracts	
14	Project facilitation to access formal credit sources (banks, other financial organization, trade credits	
15	Direct support to obtain GlobalGAP/HACCP certification	

16	Other	

18. What will you do after the end of the NOA Project in order to continue to increase your business profitability? (Summarize the answer below)

_____

_____

_____

19. What changes in government policies would help the most in supporting the future economic development of your business? (Summarize the response in the space provided below)

_____

_____

_____

Survey end time_____

NOA Evaluation Women Focus Group Interview
Survey Form Number ……..…….../_____/
Interview Date
(ddmm)……/ _____/

Respondent Names1.
2
3
4
5
6
7
8
9
10
11
12

Municipal Location
……..……..……/_____/

01 Decan	05 Gjilan	09 Mamushe	13 Pristina	17 Shterpce
02 Drenas	06 Gjokove	10 Mitrovice	14 Prizren	18 Suhareke
03 Ferizaj	07 Kamenice	11 Peje	15 Rahovec	19 Other
04 Fushe Kosova	08 Kline	12 Podujeve	16 Shtime	

Farm Products Grown, Processed or Sold with NOA Project Support……...…/_____/

01 Apple	04 Blueberry	07 Grapes	10 Nursery	13 Saffron
02 Asparagus	05 Dairy	08 Lettuce	11 Pepper	14 Strawberry
03 Blackberry	06 Gherkin	09 MAP	12 Raspberry	15 Other

Start Time_____

---

1. **Are You**
   ……...…../_____/

01 Private Farmer	02- Member Farmer	03 Other

2. **How did you learn about The NOA Project and its activities in your area? (select one only)**……..../_____/

01 local processor	03 neighbors	05 other
02 collection station	04 NOA project staff	

If other please explain:

_____

_____

_____

_____

3. **What type of training or other support have you received from NOA or other donor projects? (Tick all that apply. Provide list to respondents and ask them to identify all that apply.)**

1	Technical training on home food processing	
2	Technical advice and other support on processed home food packaging and labelling to meet domestic food standards	
3	Technical advice and other support on crop production (drip irrigation, trellising etc.)	
4	Technical advice and other support on Postharvest handling	
5	Technical advice on market development processes	
6	Direct linkage facilitation to access new markets	
7	Technical advice and other support to improve product packaging, labelling and branding	
8	Study Tours to foreign countries	
9	Field trips to other places in Kosovo	
10	Trade fair participation	
11	Access to NOA grants or subcontracts	
12	Other	

4. **In general how useful was the training and support that you received from the NOA/donor Projects? (Select one option)**……..…../_____/

4 Very useful	3 Useful	2 Somewhat useful	1 Needs improvement

5. **What type of processed food do you produce? (Tick all that apply)**

1	Aivar	
2	Tursai	
3	Pickles	
4	Jam	
5	Marmalade	
6	Dried Fruit & vegetable	

7	Rechel	
8	Other	

6. Do you sell any of the products that you produce?.....Y/N /_____/

If the answer to Q 6 is yes go to Q 9 If the answer is no go to Q 7:

7. Why do you not sell the food products that you produce? ……/_____/

01 never thought of it	02 I don't think there is a market	03 my husband doesn't approve	04 other

If other, please explain

_____

_____

_____

8. Would you like to sell the processed food products that you produce?.....Y/N /_____/

If the answer to Q 8 is yes continue to Q 9. If the answer is no go to Q 11.

9. How do you expect to get the raw fruits and vegetables for expanded processing? (Tick all that apply)

1	Grow them myself	
2	Buy them from Others	
3	Grow them and buy them	
4	Other	

10. What sources of cash are available to you to expand your business? (tick all that apply)

1	Personal savings	
2	Borrow from family members	
3	Borrow from informal lender	
4	Bank	
5	Micro finance	
6	Trade credits (from buyer of my products)	
7	Grants from donor organizations	
8	I can't get credit	
9	Other	

If other, please explain

_____

_____

11. What kind of additional training or other assistance can help you meet your goals? (Tick all that apply. Provide list to respondents and ask them to identify all that apply.)

1	Technical advice/knowledge on home food processing	
2	Technical advice/knowledge and other support on processed home food packaging and labelling to meet domestic food standards	
3	Technical advice/knowledge and other support on crop production	
4	Technical advice/knowledge and other support on Postharvest handling	
5	Technical advice/knowledge on market development processes	
6	Direct linkage facilitation to access new markets	
7	Technical advice/knowledge and other support to improve product packaging, labelling and branding	
8	Study Tours to foreign countries	
9	Field trips to other places in Kosovo	
10	Trade fair participation	
11	Access to NOA grants or subcontracts	
12	Other (List)	

12. In your opinion, what are the <u>five</u> most important items for improving farmer productivity in your area?
(Provide the list to the respondents and have them rank the top five listed actions from 1 to 5)

1	Better knowledge and access to production technologies	
2	Better knowledge and access to postharvest handling technologies	
3	Better access to market information	
4	Better facilitation to new market opportunities	
5	Better access to fertilizers	
6	Better access to drip irrigation	
7	Better access to improved seeds and planting materials for current varieties	
8	Better access to new varieties	
9	Lower interest rates on loans	
10	Better access to processors and collection stations	
11	Better access to export markets	

12	Other	

13. What will you do after the end of the NOA Project in order to continue to increase your business profitability? (Summarize the answer below)

_____

_____

_____

14. What changes in government policies would most help you to expand your business income?

_____

_____

Survey End Time _____

ANNEX 4: INDIVIDUALS CONTACTED

	Name	Organization	Location
13 January 2014			
1	Dardane Peja	USAID Project Management Specialist	Pristina
2	Melita Cacaj	USAID Monitoring & Evaluation Specialist	Pristina
3	Amy Southworth	USAID Program Officer	Pristina
4	Mark Wood	NOA Project Chief of Party	Pristina
5	Musli Berisha	NOA Project Private Sector Linkage Specialist	Pristina
14 January 2014			
6	Fatmir Selimi	NOA Project Dep Chief of Party	Pristina
7	Artan Zhushi	NOA Project Monitoring & Evaluation Specialist	Pristina
8	Naim Krasniqi	NOA Project Training Coordinator	Pristina
9	Laura Krypa Gjakova	NOA Project Environment Compliance Specialist	Pristina
10	Reshat Ajvazaj	NOA Project Postharvest/Certification Specialist	Pristina
11	Liza Marku	NOA Project Sales & Marketing Specialist	Pristina
12	Arben Musliu	NOA Project Private Sector Linkage Specialist	Pristina
13	Agron Selmani	NOA Project Grants & Subcontracts Manager	Pristina
15 January 2014			
14	Halit Hoxhaj	MAFRD Political Advisor	Pristina
15	Arta Balaj	MAFRD Advisor	Pristina
16	Samir Riza	NOA Project Private Sector Linkage Specialist	Pristina
17	Ismet Babaj	NOA Vegetable Production Specialist	Pristina
16 January 2014			
18	Maxhun Shehaj	NOA Fruit Production Specialist	Pristina
19	Zenel Bunjaku	Executive Director, Initiative for Agricultural Development of Kosovo (IDAK)	Mitrovice
20	Vedat Haradinaj	Private Farmer/owner Fresh AgroFresh NI	Mitrovice
21	Gani Hajzeri	Private Farmer/Owner Agro Serra	Mitrovice
January 17, 2014			
22	Michael Kimes	NOA Project Chief Technical Officer	Pristina
23	Lumnije Bislimi	Private Farmer	Gjilan
24	Agron Namoni	ASK Foods, Ltd., joint owner	Gjilan
25	Nevruz Malazogu	MOEA Ltd Manager	Gjilan
26	Alban Isufi	Private Farmer	Gjilan
January 20, 2013			
27	Sedat Mazrek	Euro Tac Collection Center, Manager	Mamushe
28	Tefik Taç	Euro Tac, Collection Center, joint owner	Mamushe
29	Nazim Taçi	Private Farmer	Mamushe
30	Murat Mazrek	Private Farmer	Mamushe
31	Nurie Gashi	Fjolla Women's Assn Leader	Rahovec
32	Elvana Gashi	Fjolla Women's Assn Member	Rahovec
33	Valbona Bytyqi	Fjolla Women's Assn Member	Rahovec
34	Ajtene Berisha	Fjolla Women's Assn Member	Rahovec
35	Lendita Mustafa	Fjolla Women's Assn Member	Rahovec
36	Melihate Gashi	Fjolla Women's Assn Member	Rahovec
37	Serbeze Zhuniqi	Fjolla Women's Assn Member	Rahovec

38	Ismet Taç	Private Farmer	Mamushe
39	Cemil Morina	Private Farmer	Mamushe
40	Qamil Shala	Shala Produkt Collection Center, Owner	Suhareke
41	Hysni Shala	Private Farmer	Suhareke
42	Elmaz Haxhija	Private Farmer	Suhareke
43	Gazmend Hoti	Private Farmer	Suhareke
44	Arsim Krasniqi	Private Farmer	Suhareke
45	Liman Hoti	Private Farmer	Suhareke
46	Ramadan Shala	Private Farmer	Suhareke
47	Rrahman Shala	Private Farmer	Suhareke
January 21, 2014			
48	Labinot Spahiu	Agrovisioni Ltd, Owner	Lipjan
49	Mehdi Bresilla	Me Agro/Private Farmer	Lipjan
50	Gegë Zefi	Bio Buzmi/Private Farmer	Ferizaj
51	Halim Baftiu	Private Farmer	Shtime
52	Skender Ramadani	Private Farmer	Shtime
53	Irfan Rafuna	ABI Ltd. Food Processor, Manager	Prizren
54	Mehmet Shala	Euro Food, Manager	Prizren
January 22, 2014			
55	Qamil Cena	Private Farmer	Rahovec
56	Selajdin Haxhimurati	Private Farmer	Rahovec
57	Ali Oruqi	Action for Revitalization Assn. Leader	Rahovec
58	Selajdin Hundozi	Private Farmer	Rahovec
59	Fatmir Haxhimustafa	Private Farmer	Rahovec
60	Bashkim Bytyqi	Rizona Processing Company, Manager	Rahovec
61	Artur Camaj	Stone Castle Winery, Manager	Rahovec
62	Habib Dina	Zeri Bujkut Assn., President	Rahovec
63	Sulejman Bala	Rahovec Institute, Director	Rahovec
January 23, 2014			
64	Qemajl Vuqiterna	Private Trader	Pristina
65	Ramadan Memaj	Kosovo Dairy Processor Assn. President	Pristina
66	Dragoliub Dejanovič	Private Farmer	Shterpce
67	Ivan Vaksimovič	Private Farmer	Shterpce
68	Slaviša Jovanovič	Private Farmer	Shterpce
69	Nevena Milenkovič	Private Farmer	Shterpce
70	Sylfije Sahiti	Parajsa Jone Women's Assn., Leader	Lipjan
71	Sabije Haliti	Parajsa Jone Womens' Assn., Member	Lipjan
72	Shpresa Jashari	Parajsa Jone Womens' Assn., Member	Lipjan
73	Merita Jashari	Parajsa Jone Womens' Assn., Member	Lipjan
74	Myrvete Jashari	Parajsa Jone Womens' Assn., Member	Lipjan
75	Minire Salihi	Parajsa Jone Womens' Assn., Member	Lipjan
76	Fatime Selmani	Parajsa Jone Womens' Assn., Member	Lipjan
77	Hajrije Salihi	Parajsa Jone Womens' Assn., Member	Lipjan
78	Shkurte Mustafa	Parajsa Jone Womens' Assn., Member	Lipjan
79	Kadire Mustafa	Parajsa Jone Womens' Assn., Member	Lipjan
80	Shqipe Hyseni	Parajsa Jone Womens' Assn., Member	Lipjan
81	Mexhide Dugolli	Parajsa Jone Womens' Assn., Member	Lipjan
82	Lumnije Hyseni	Parajsa Jone Womens' Assn., Member	Lipjan

83	Izajere Azemi	Parajsa Jone Womens' Assn., Member	Lipjan
84	Antigone Ymeri	Parajsa Jone Womens' Assn., Member	Lipjan
85	Albulene Sahiti	Parajsa Jone Womens' Assn., Member	Lipjan
86	Arsim Aziri	Austrian Development Agency, Program Officer	Pristina
January 24, 2014			
87	Milazim Berisha	Kosovo Milk Producers' Assn., President	Pristina
88	Ardian Purrini	Kosove Milk Producers' Assn., Executive Director	Pristina
89	Ahmet Hoxha	TrePharm, Quality Control Manager	Pristina
90	Merita Selimi	Konvita Women's Assn, Leader	Vushtri
91	Valbona Ademi	Private Farmer	Fushe Kosove
92	Ymer Berisha	Dairy Bylmeti, Manager	Fushe Kosove
93	Edon Shkololli	Elkos Group, Import Manager	Pristina
94	Naim Aliqkaj	Elkos Group, Export Manager	Pristina
95	Kenneth Smarzik	Tetra Tech, Agr and Economic Growth Manager	Pristina
96	Hava Abdullahu	"Flori" Womens' Assn., Leader	Fushe Kosove
97	Mihane Shala	"Flori" Womens' Assn., Member	Fushe Kosove
98	Ziavere Shala	"Flori" Womens' Assn., Member	Fushe Kosove
99	Valbone Sllamniku	"Flori" Womens' Assn., Member	Fushe Kosove
100	Mevlude Shala	"Flori" Womens' Assn., Member	Fushe Kosove
101	Fazile Sllamniku	"Flori" Womens' Assn., Member	Fushe Kosove
102	Hata Sllamniku	"Flori" Womens' Assn., Member	Fushe Kosove
103	Valbona Ademi	"Flori" Womens' Assn., Member	Fushe Kosove
104	Andije Sllamniku	"Flori" Womens' Assn., Member	Fushe Kosove
105	Rukije Sllamniku	"Flori" Womens' Assn., Member	Fushe Kosove
106	Afrore Shala	"Flori" Womens' Assn., Member	Fushe Kosove
January 25, 2014			
107	Naser Rusinovci	Sole Kosove Ltd, Director	Fushe Kosove
January 27, 2014			
108	Halit Avdijaj	Agro Product Ltd Director	Istog
109	Faik Salihaj	Private Farmer	Istog
110	Beqir Beqiraj	Private Farmer	Istog
111	Bedri Kastrati	Private Farmer	Decan
112	Naser Mamutaj	Private Farmer	Istog
113	Florie Sutaj	Private Farmer	Istog
114	Afrim Mehmetaj	Private Farmer	Istog
115	Zymba Avdijaj	Private farmer	Istog
116	Gani Avdijaj	Private Farmer	Istog
January 28, 2014			
117	Shefqet Kelmendi	Kelmendi,Gmbh, Director	Peja
118	Arif Gashi	Private Farmer	Peja
119	Selim Gashi	Private Farmer	Peja
120	Adem Tafa	Private Farmer	Peja
121	Istef Tafa	Private Farmer	Peja
122	Bardh Begolli	Peja Agricultural Institute, Head, Soil Analysis Lab	Peja
123	Fadil Shebeni	Private Farmer	Peja
124	Nazmi Kelmendi	Private Farmer	Peja
125	Haxhi Beka	Private Farmer	Peja

126	Ragip Tafshala	Private Farmer	Peja
127	Hajdin Zymberi	Private Farmer	Peja
128	Fozli Zymberi	Private Farmer	Peja
January 29, 2014			
129	Selman Shala	Private Farmer	Peja
130	Hizija Medjunjanin	Private Farmer	Peja
131	Izet Kastrati	Private Farmer	Peja
132	Rexhep Soshi	Fidanishte, Director	Istog
133	Shurta Halimi	NTP Freskia	Gjokove
134	Leke Duhani	Duhani Nursery, Director	Kline
135	Hatixhie Binaku	Korenica Women's Milk Assn. Leader	Gjokove
136	Shqipe Berisha	Korenica Women's Milk Assn, Member	Gjokove
137	Ajmane Binaku	Korenica Women's Milk Assn, Member	Gjokove
138	Artinh Binaku	Korenica Women's Milk Assn, Member	Gjokove
139	Linda Binaku	Korenica Women's Milk Assn, Member	Gjokove

ANNEX 5: FIELD INTERVIEW SITES VISITED

Date 2014	Survey Site	Individual Interviews	Focus Group Discussions
16 Jan	Mitrovice	3	
17 Jan	Giljan	4	
20 Jan	Suhareke	8	
20 Jan	Mamushe	6	
20 Jan	Rahovec		7
21 Jan	Ferizaj	1	
21 Jan	Lipjan	2	
21 Jan	Shtime	2	
21 Jan	Prizren	2	
22 Jan	Rahovec	8	
23 Jan	Pristina	3	
23 Jan	Shterpce	4	
23 Jan	Lipjan		16
24 Jan	Pristina	5	
24 Jan	Fushe Kosove	2	11
24 Jan	Vushtri	1	
25 Jan	Fushe Kosove	1	
27 Jan	Istog	8	
27 Jan	Decan	1	
28 Jan	Peja	12	
29 Jan	Peja	3	
29 Jan	Istog	1	
29 Jan	Gjokove	1	
29 Jan	Kline	1	
29 Jan	Gjokove		5
Total		***79***	***39***

ANNEX 6: DOCUMENTS REVIEWED

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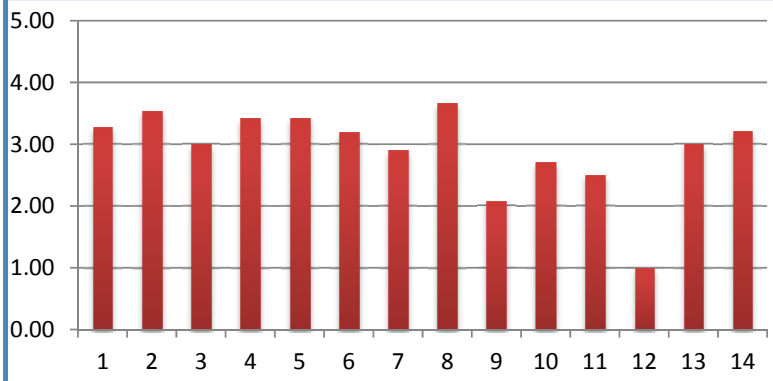
ANNEX 7: FIELD SURVEY RESULTS

CONSTRAINTS TO VALUE CHAIN PARTICIPANT BUSINESS EXPANSION

During the field survey, respondents were asked to identify major constraints to expanding their business operations. The complete analysis is presented in Annex 5.7 and are summarized in this section.

Private Farmer Constraint Analysis: Chart 1 summarizes responses by private farmer respondents to the question "What are the five major constraints that keep you from increasing your business profits?" Seven constraints received an average rank above 3 out of a maximum of 5. They were, "poor product quality that doesn't meet market standards", "lack of credit (interest rate too high) to buy production inputs", "lack of quality seeds and planting materials on local markets", "lack of credit (interest rate too high) to buy equipment/ machinery", "lack of technical knowledge needed to become more efficient", "lack of appropriate machinery /equipment on local markets", and "lack of storage facilities."

Chart 1 Private Farmer Average Ranking of Constraints to Increasing Business Profits (n=46)
(5: maximum and 1: minimum)

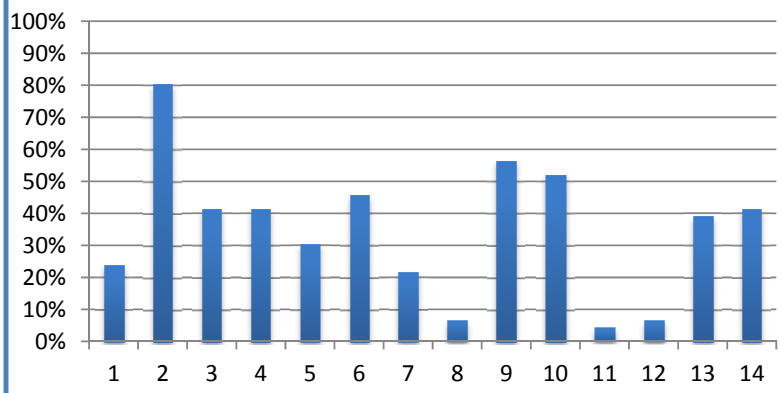


1-Lack of technical knowledge need to become more efficient, 2-Lack of credit to buy production inputs, 3-Lack of appropriate fertilizers on local markets, 4-Lack of quality seeds and planting materials on local markets, 5-Lack of credit to buy equipment, 6-Lack of appropriate machinery on local markets, 7-Lack of domestic product market access, 8-Poor product quality that doesn't meet market standards, 9-lack of proper packaging materials, 10-Tough competition from neighboring countries , 11-Not enough available labor, 12-Poor quality available labor, 13-Unattactive product prices, 14-Lack of storage facilities.

While several other constraints ranked near 3 including "lack of appropriate fertilizers on local markets" and "unattractive product prices" private farmers did not view "poor quality of available labor" or "lack of proper packaging material" as major constraints.

While the average rankings convey a sense of importance of each constraint to the individual respondents, rankings alone do not indicate the number of respondents who discussed each constraint. For this purpose, calculating the percentage of all respondents that indicate their concern about each specific constraint provides an indication of the overall importance of the constraint.

Chart 2 Private Farmer Constraint Response Intensity to Increasing Business Profits Among (n=46)
(as a percentage of total responses)



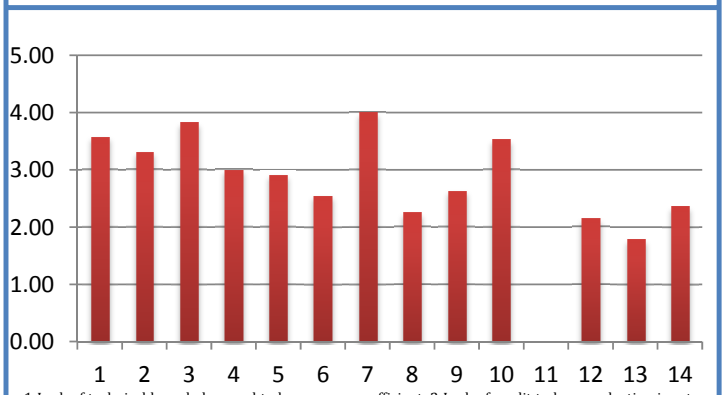
1-Lack of technical knowledge need to become more efficient, 2-Lack of credit to buy production inputs, 3-Lack of appropriate fertilizers on local markets, 4-Lack of quality seeds and planting materials on local markets, 5-Lack of credit to buy equipment, 6-Lack of appropriate machinery on local markets, 7-Lack of domestic product market access, 8-Poor product quality that doesn't meet market standards, 9-lack of proper packaging materials, 10-Tough competition from neighboring countries , 11-Not enough available labor, 12-Poor quality available labor, 13-Unattactive product prices, 14-Lack of storage facilities.

Chart 2 provides the response intensity as measured by the proportion of all respondents that listed the constraint among the top five. It shows that 80% of all respondents identified high interest rates for buying production inputs as one of their five major

constraints. Almost 60% indicate that lack of proper packaging materials was one of the five major constraints while just over 50% indicate that tough competition from neighboring countries was one of their five major constraints.

The constraint ranking chart indicates that "poor product quality" was the most important constraint with respondents ranking it as one of their top five constraints. However, the intensity chart shows that "poor product quality" was selected by less than 10% of the respondents as one of their top five constraints. Hence, this is a very important constraint, but only for a small percentage of the total respondent population. Similarly, "lack of technical knowledge to become more efficient" was one of the highest ranking constraints, but the intensity rate was quite low at just over 20% of respondents. "Lack of domestic product market access", also ranked quite high among respondents, but was listed as a top five constraint by only 20% of the respondents.

Chart 3 Value Chain Driver Average Ranking of Constraints to Increasing Business Profits Among (n=23)

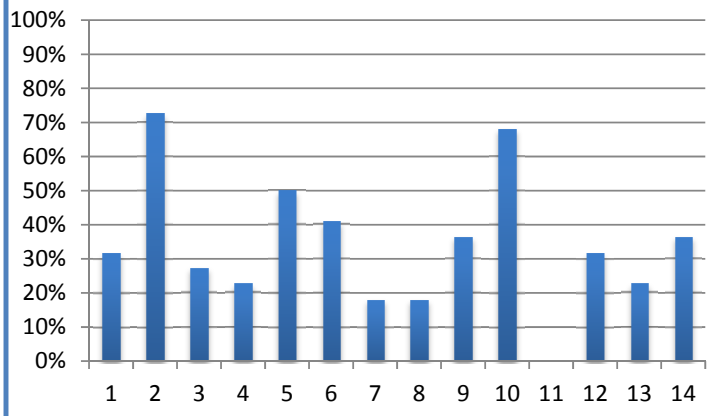


1-Lack of technical knowledge need to become more efficient, 2-Lack of credit to buy production inputs, 3-Lack of appropriate fertilizers on local markets, 4-Lack of quality seeds and planting materials on local markets, 5-Lack of credit to buy equipment, 6-Lack of appropriate machinery on local markets, 7-Lack of domestic product market access, 8-Poor product quality that doesn't meet market standards, 9-lack of proper packaging materials, 10-Tough competition from neighboring countries , 11-Not enough available labor, 12-Poor quality available labor, 13-Unattactive product prices, 14-Lack of storage facilities.

Value Chain Driver Constraint Analysis: Charts 3 and 4 provide value chain driver (collection center, processor, exporter) responses to the same set of constraint questions as were asked of the private farmer group. Constraint rankings of the value chain driver respondents are different than those of the private farmers. "Lack of credit (interest rate too high) to buy production inputs" ranks slightly higher than for private farmers. "Lack of domestic product market access" is the most important constraint with an average value of 4 out of a maximum of 5. "Lack of appropriate fertilizers on local markets", "lack of appropriate technical knowledge need to become more efficient" and "tough competition from neighboring countries" also rank close to 3.5 out of a maximum of 5 on the ranking scale. "Not enough labor" does not register as a constraint for the value chain driver group, but poor quality of labor registers at 2 out of a maximum of 5. "Lack of quality seeds and planting materials on local markets is also an important constraint.

Chart 4 provides value chain driver intensity scores. As with private farmers the value chain driver respondents have a high intensity score for "lack of credit (interest rate too high) to buy production inputs" and also for "tough competition from neighboring countries". "Lack of credit (interest rate too high) to buy equipment/ machinery has an intensity score of 50% with "lack of appropriate machinery /equipment receiving an intensity score of 40%. All other constraint score were below the 40% respondent score. However, nearly 40% of value chain drivers identified "lack of storage facilities as one of their top five constraints...

Chart 4 Value Chain Driver Response Intensity of Constraints to Increasing Business Profits (n=23)



1-Lack of technical knowledge need to become more efficient, 2-Lack of credit to buy production inputs, 3-Lack of appropriate fertilizers on local markets, 4-Lack of quality seeds and planting materials on local markets, 5-Lack of credit to buy equipment, 6-Lack of appropriate machinery on local markets, 7-Lack of domestic product market access, 8-Poor product quality that doesn't meet market standards, 9-lack of proper packaging materials, 10-Tough competition from neighboring countries , 11-Not enough available

Respondents were asked to identify the funding sources used for covering production costs and equipment purchases. Eighty percent indicate that use of savings or profits were a source of funds to meet production and investment expenditure with just fewer than 40% indicating "borrowing form family members" or "taking bank credit". Just under 20% obtained credit for micro-finance lending agencies, and six percent received trade credits from product buyers. However, more than 50% of all respondents indicate that they received in-kind funding from donor projects through matching grant programs supported by NOA as well as by other donors. This result is consistent with the constraint responses indicating that credit is one of the main, if not the main constraint to increasing their business profit. In the absence of affordable credit, farmers and value chain drivers become more dependent on the donor community to cover partial costs of capital equipment in the presence of high cost of access credit markets.

The field survey asked all respondents to identify new government policies that would most benefit their future business prospects. The most frequent responses included 1) "improve import quality standards to reduce the import of low quality seeds, planting materials and fertilizers", 2) "eliminate dumping of foreign food imports at prices that are below production costs", and 3) "reduce farm level fuel prices by waiving a portion of the import excise tax".