



SNAPSHOT

Cooperation Drives Progress in Strengthening Kosovo Agriculture

USAID helps link an aggregator, a processor and dozens of farmers to foster the local production of ground red pepper.



Photo: Musli Berisha

Burim Gashi, 24, gleans his fields near Xerxe, Kosovo, of his first crop of Besiana variety peppers in this Oct. 16, 2015, photograph. He is among 75 farmers growing peppers for the local and export spice trade.

“This successful local collaboration is bringing about even more confidence in the local supply of goods.” – Mark Wood, program director, USAID AGRO Kosovo.



Photo: Musli Berisha

An Ananas Impex employee packs locally grown and processed ground red pepper destined for export to Albania and Sweden in this Nov. 3, 2015, photograph.

Locally grown spice back on the table

In the years following the breakup of Yugoslavia, Kosovo’s vegetable-processing industry collapsed. State-owned enterprises vanished with few privately owned firms filling the void. Today, USAID is helping restore Kosovo’s formerly vibrant vegetable-processing industry. One way USAID is doing so is by spurring the industrial-scale cultivation and processing of peppers. As a result, locally grown, processed and packaged ground red pepper is on track to replace imports of the spice at home—and conquer new markets abroad.

USAID’s ongoing effort targets the entire pepper value chain—from engaging farmers to grow new varieties specifically for domestic processing, to encouraging processors to focus on new technology, efficiency and quality.

Initially, Kosovo had no large-scale, commercial cultivation of red peppers destined for drying and grinding. This was despite a taste for ground red pepper long satisfied by imports. In Kosovo the spice is a mainstay ingredient, especially in grilled meats and cooked food.

To kickstart local production of ground red pepper, USAID encouraged a vegetable processing company, Ananas Impex, to form a strategic partnership with a local vegetable collection center, Agrocelina.

Partnerships for progress

Bringing together these two local agricultural firms quickly proved to be mutually beneficial. The partnership is also helping dozens of local farmers. As the relationship got underway, Ananas Impex soon expanded its roster of contributing growers, to 75 from an initial 20. The farmers currently have 25 hectares (62 acres) planted in peppers. Ananas Impex provides those farmers with seed, and eventually processes the mature peppers. The Agrocelina collection center acts as an intermediary by offering payment, collection and transport services, plus technical advice.

This year marks the first time Kosovo farmers have cultivated the *Besiana* pepper variety. USAID recommended the switch given the productiveness of the variety. For example, current yields are 27 metric tons per hectare (12 tons per acre), or nearly twice the 15 tons per hectare typical of the previously grown variety.

Contracts bring clarity

USAID also has encouraged the processor, collection center and individual growers all to formalize their relationships on a contractual basis. Previously, business was done on the basis of a shake of the hand, leading to disputes when harvests failed to meet (or exceeded) target yields. Currently, farmers selling peppers to Ananas Impex through Agrocelina receive €0.30 per kilogram (\$0.15 per pound)—a 30% premium over last year’s wholesale price.

“The farmers we work with are very happy with the price their peppers are receiving, and have promised to expand production,” says Feim Rexhepi, the owner of Agrocelina.



Photo: Musli Berisha

The season's last seven tons of Besiana variety peppers are loaded at the Agrocelina collection center for delivery to Ananas Impex in this Oct. 16, 2015, photograph.

For now, the market is poised to absorb any such increase in yields. Ananas Impex currently sources 40% of its supply of peppers from local farmers. In two years' time, the firm anticipates local growers will provide 100% of its demand.

"Ananas Impex had based its entire production on imported raw materials, not trusting the capacity of Kosovo's farmers to be able to produce reliable supplies of high-quality produce," explains Mark Wood, director of USAID's Agricultural Growth and Rural Opportunities (AGRO) program. "USAID through its agriculture programs worked closely with Ananas Impex to craft a mechanism to contract local producers and ensure the firm received the quality products required for its local- and export-based businesses."

Win-Win

The advantages for Ananas Impex in working with Agrocelina include the freshness and quality of the raw product and the reduction in costs and delays associated with transportation from field to factory, as compared to relying solely on imported product.

"We started working seriously with Agrocelina only after USAID assisted in making that linkage," says Adiat Hajdari, the 29-year-old general manager of Ananas Impex. The family firm banks on nearly 90 years of experience, across three generations, in processing peppers. "All I have to do is pick up the phone and place my order, and I receive delivery of my peppers within two days. We have built up a unique trust to do business with each other."