

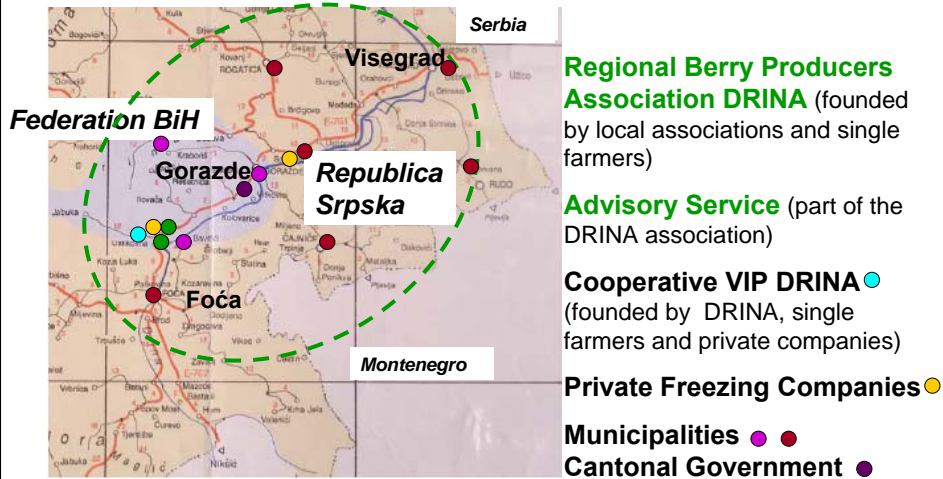
The Role of Producer Organisations and Cooperatives in Relation to RAS Experiences from Caritas Projects in Bosnia & Herzegovina and Kosovo

31 March 2016/EWA/HJ

Context: Agricultural Project in Upper DRINA and Eastern Bosnia

- The Caritas **Income Generation Project with Agricultural Activities** has its origin in the Region of Gorazde and was focussed on **Berry Production**, the necessary **Credit Lines**, the **Organisation of Producers** and the implementation of an **Advisory Service** within the **FBO** and started in 2004.
- A project on **Agritourism** was integrated later for diversification which was closed again in 2014.
- Meanwhile the project includes parts of **vegetable production**, a **berry seedlings nursery**, **vegetable seedlings production** as well as an **agricultural pharmacy** and **buy out of vegetables** in the context of **a founded cooperative**.
- An **Internship** program with FL was integrated. The returnees have the possibility to apply for a credit for founding their own business or to enlarge the existing one.

Context: Agricultural Project



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Projects' principles

Original Environment

- Small scale farmers (1-5 ha) with tradition in subsistence farming
- Owners of land and house
- No vocational farming education
- No experience in producing for markets
- Risk averse and suspicious in taking credits
- Micro-Credits not adapted to agricultural activities (no grace period, 20% int.)
- Corrupted by donor activities (many grants with no conditions and no support)

Our Credo

- No grants but credits with adapted credit conditions (*grace period until the first yield; duration three yields; credit interest in total of the original amount 6.5% - 7%*)
- Farmers organised in regional FBO (*including both entities*)
- Contracts with buyers (freezing companies) for groups of farmers
- Advice is compulsory for preparing the investment and during the time of credit obligations

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Which set-up for the Advisory Activities

History :

- **the actual generation of small scale farmers has no basic vocational education in agriculture** (other professions yes, but not in agriculture; former BiH was an industrialised region)
- **besides the absolutely necessary knowledge for running a berry plot with success the farmers need also in parallel basic farming knowledge, but this is normally a function of the state educational system**
- **in 2003 a two years- EU project for implementing an advisory service in BiH was closed: result disastrous; about 40 advisors were trained in formulating business plans with the idea these advisors could earn their money afterwards with being independent advisors. No structural input and follow up. No result.**
- **In RS a state advisory service with mainly administrative tasks and in FBiH 10 cantonal solutions with about the same tasks or not existing; some municipalities with single advisors without specialised knowledge**

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Presented Scheme in SFRAS Meeting 2015 by Helvetas/SDC

Source of finances and RAS providers in pluralistic RAS systems

Source of finances for services	Service Providers				
	Public sector	Private Sector Input suppliers / traders	Processors RAS providers	NGO	Civil Society Farmer Org.
Public	Public extension system	Potential			
Donors					
Private companies		Private extension system (embedded services / contract farming)			
Farmers					
NGOs		Potential			
Farmer Organisations					NGO / FO hired as service providers

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driven in FBO (vegetable)

1 State driven

2 Donor driven (politically spin-offs)

3 EU driven (politically motivated)

4 Bottom-up advisory service Focus on berry value chain

Source of finances for services	Service Providers						
	Public sector	Private Sector Input suppliers / traders	Processors RAS providers	NGO	Civil Society Farmer Org.		
Public	1 admin. Focus			Potential public support	Support municip. / entities	Support municip. palities	Support for their dev. strategy and for the munic. advisors
Donors	Potential EU Support			Support donors / projects	Support don. / EU / projects	Support don. / projects	Support by Caritas (contract) & diversification through project funding
Private companies		Pharmacies 2 Plant prot.	Existing RAS 2 Private			Support by processors	Advise for their clients to assure product supply
Farmers						Farmers fees	Farmers package
NGOs				Existing RAS 3			
Farmer Organisations		Cooperatives	Cooperatives			Existing RAS 4	Mixed funding

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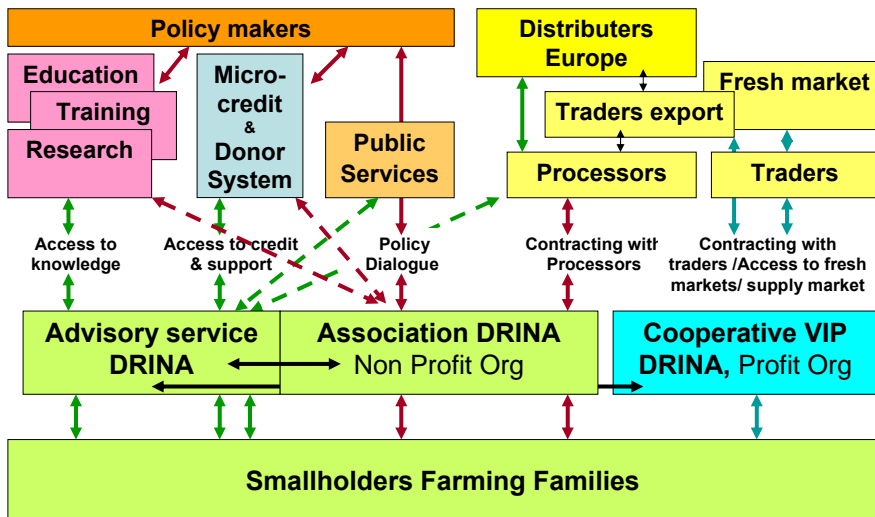
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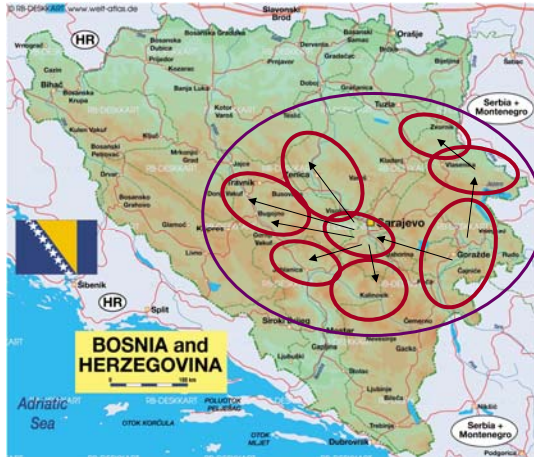
The mixed funding; still a challenge

- Farmers fees:** We arrive at an amount of max. 30-40% (paying directly for services is „difficult“; but is not bad in relation to W-EU)
- Contracts with processors:** The processors are in competition; are charging producers indirectly through buyout price (the contribution is not very sustainable; if interest in enlarging -> yes; for business as usual -> difficult; 10% max.)
- Donor Support:** The support through projects is and will stay important for a balanced budget (challenging for the staff; not every year successful; in concurrence to the direct services for farmers)
- Public Support:** Still no support scheme for Non Governmental Advisory services (will come with EU-Funding; still missing awareness that the lacking basic education in agriculture should be covered by support of information & training programs)
- Municipalities:** The awareness that development can't be done without professionals committed to the local people is encouraging
- Caritas:** Makes a contract with the AS for farmers with credit and is organising "training for trainers" (ev. in future financed by a fee included in the credit-interest-rate)

FBO and Advisory Service – complementary tasks under the same roof



Upscaling process in BiH for berry production



The concept of FBO could be implemented or strengthened in **eight other regions**.

This organisations are the founding members of the **National Berry Producers Union (2014)**.

In each reg. organisation an **advisor or advisory service is identified or contracted (the DRINA-AS has also an office in Sarajevo)**

8-10'000 t produced now in 4'000 family farms; 90%-95% export

Open questions

- Is the umbrella organisation able to make enough pressure for initiating **public support for the advisory services in berry production?**
- Should be employed a **rate of the microcredit interest for advisory Services?**
- Is it possible to push the ministries to organise (e.g. with universities) the **training of advisors?**

What about Kosovo? Since 2009



Honey



Berries

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Collection of Medical and Aromatic Herbs and Forest Fruit

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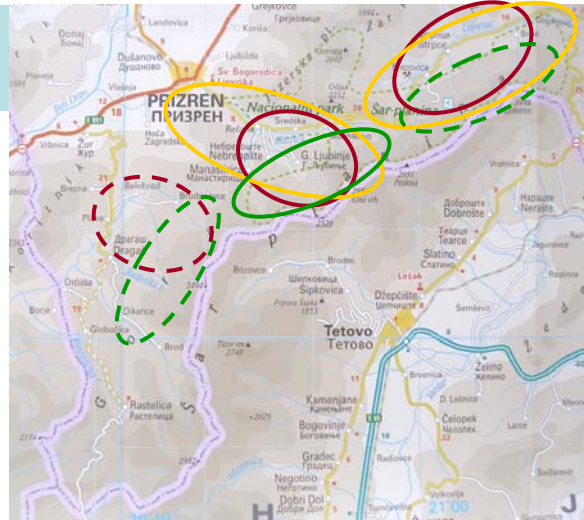
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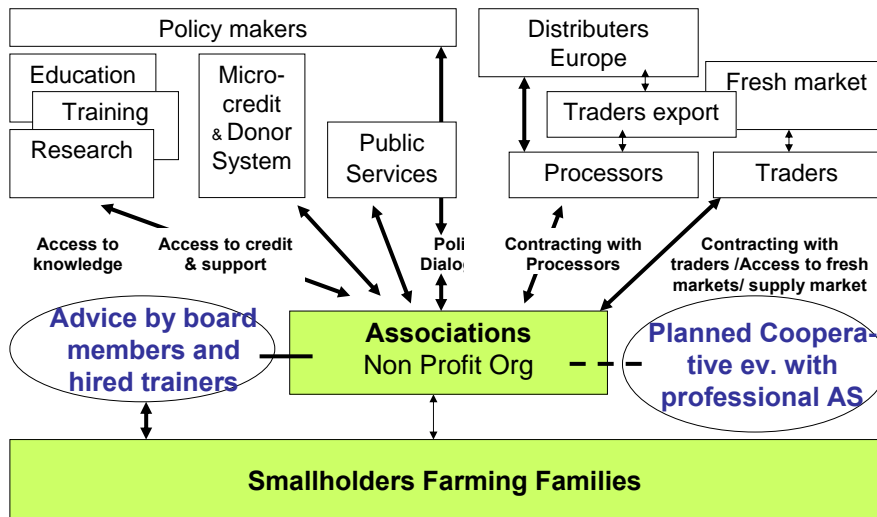
**In the South of Kosovo
(Shari mountains;
Serbs, Bosniaks,
Kosovo- Albanian)**

**Cooperation with
initiated:**

- Three berry producer associations ●
- Two of them also for forest fruit and herbs collection ●
- Two honey producer associations ●



FBO and Advisory Service – “light”



Thank you for your attention