

## INTRODUCTION

For my Final Report I have focused on the Project's approach to it's clients (*way of working*) and then linked this to means of communication and training (*capacity building*), and finally to service provision in the context of credit (*financing of Horticultural Enterprise*). I felt that this would be a more useful contribution at the start of Phase III of SPHP-K rather than a technical review, as I will have the opportunity to continue technical back-stopping through the planned consultant inputs in 2004/05



**A Demonstration to Soft Fruit Growers on Pruning of Summer Fruiting Raspberries  
at Babaj Bokes, Gjakova**

## **Final Report of K.H. Morriss, Horticultural Adviser Swiss Project for Horticultural Promotion – Kosovo**

### **Way of Working:**

Over the past 33 months, staff within SPHP-K has developed a general process for identifying, planning and implementing activities within the horticultural sector in Kosovo. I would now like to review this process and place it into an operational structure (please see Diagram No 1), which hopefully will be a useful working tool.

Six distinct steps can be identified within the process:

**Step 1: Investigation.** Conduct Farm & Market Surveys, seek the opinions of persons who are local authorities on various aspects of horticultural production with relation to the geographic and historical contexts, climate, soils and water availability. Obtain an overview of perceived needs of the horticultural community through Farmer Forums. These sources will provide a broad brush background/context into which interventions may be planned.

**Step 2: Situational Analysis.** *Who might be a likely client, individual, family or group?* This was a question posed in the first 12-15 months, however, the Project is now more 'client led' as it's activities have become known within the sector. Since December 2002, a quarterly Staff Selection Committee meets to consider proposals from existing and would-be clients. Those selected for possible inclusion are visited, and a detailed review of their proposal is made in terms of both client's and SPHP-K's capacity to proceed. In particular, its relevance to ongoing or future 'Project outputs' is considered under the broad objective:

*"Kosovo horticultural producers are able to compete in quality, price and continuity of supply with imported products."*

**Step 3: Activity Planning.** This is in the context of existing or proposed main activities within an 'identified SPHP-K output.' Once accepted, the process of planning the intervention proceeds along the following lines i.e. formulation of the agreement between the parties involved. For example, third parties can, and often do, participate to provide finance, organizational capacity or facilitate involvement of secondary beneficiaries (where 'service provision' is planned – seedling production). An important part of the document the 'Participatory Technical Agreement (PTA)' is the cost assessment of inputs needed, including human resources. Where possible this is done on a 50/50 basis for Mother plots/activities, or on a decreasing scale of SPHP-K involvement for Baby plots/scaling-up activities. With larger interventions, a 'Business Plan' is prepared as part of the Agreement.

**Step 4: Start-up of Activity.** Client and SPHP-K staff awareness of the requirements for the successful implementation of an intervention often requires some form of training prior to proceeding. Always there is a learning process during its application. Correct timing is frequently important as many interventions are seasonal, therefore the timely provision of inputs is a high priority, particularly where these have to be imported. Subsequently inputs have to be distributed, and then commissioned, installed or applied. Back-stopping at this stage is critical, and on occasions SPHP-K has used an experienced local consultant to strengthen support given to clients.

**Step 5: Monitoring Activities.** Continuous recorded observations would be ideal, particularly for field trials, however, this is not part of Kosovar culture. Attempts with Vegetable Promoters failed badly, therefore monitoring at key points in the activity is now the norm e.g. seed germination & transplanting, harvest, plus general seasonal observations on crop performance. Field Days and Workshops provide forums for reflection/discussion and planning. Of particular significance is the Annual Evaluation and Planning Workshop held in October or November.

**Step 6: Review of Progress.** This forms part of the Annual Evaluation and Planning Workshops. Results from these provide the basis for developing the Yearly Plan of Operation for the coming year. In this way, interventions are reviewed and refocused annually, which helps to keep them on target.

***One of the biggest challenges of working in horticulture is the seasonality of specific activities.***

Initially clients approached SPHP-K at the time when their chosen activity should be at the point of starting e.g. applications for planting first tree demonstration orchards that would reach a peak in February with the spring planting season beginning in early/mid March. Farmers are now becoming better informed, but still the period for planning activities tends to be short.

***Responding in a timely and positive way.***

As capacity within the Team accumulates, this enables a professional approach to clients aspirations. Clients, on their part, also need to come with more than just a 'wish list'. Applications have to be constructive and considered, even if they are not yet technically correct.

***Flexibility and focus.***

The initial broad brush approach to facilitating the recovery of the horticultural industry in Kosovo has now been replaced by a series of focused activities (Prodoc Phase III 4.1 to 4.8). This way of working has emerged as local knowledge has been gathered on which activities are the 'best bets', from a marketing and production perspective. Also, the material resources available to SPHP-K are now limited, therefore the Project is 'leaner and meaner' in its approach and must work towards more sustainable ways of operating. However, the situation does not close the door to flexible approaches, in fact it promotes them, as innovation is born out of necessity.

***Regionalisation.***

This is a logical step to create an enabling environment in which clients can prosper. In whichever horticultural sector clients choose to invest, specific inputs are required. Providing these on a regional basis makes economic management and logistical sense.

***Linkages.***

The constellation of step-wise development (Diagram No 1) illustrates the linkages that occur as the partnership develops between SPHP-K and each of its clients. This is a complex process, and only when we understand these linkages can we see the best opportunities for building capacities amongst clients.

## **Building Capacity**

Capacity building amongst producers within the horticultural sector and improved farm management have been identified as keys for the future development of a dynamic horticultural sector.

### **Prevailing Situation:**

The former Serbian Government did not pay much attention to human resource development of professional skills and leadership amongst the Albanian community in Kosovo. As a consequence of this, Kosovars are not well equipped to meet the challenges (arising since the 1998/99 conflict) that entry from a regulated socialist administrative marketing system to an emerging democratic free market situation presents.

## *Lessons Learnt*

A key to the redevelopment of the horticultural sector lies in farmers (and the providers of inputs to the sector) ability to re-orientate their enterprise management to address new market and consequent production opportunities. Production and marketing skills training, and knowledge of factors which influence the prevailing market situation for both inputs and outputs (to and from the sector), are required to enable farmers to adapt to their changing environment.

Facilitation of farmers enterprises is closely linked either to their individual awareness or to the health of the Association (formal or informal) to which many of the farmers (SPHP-K clients) belong. Most of the Associations/Groups have only come together, or have been formalized, over the past 3 years, consequently they are rather immature. As yet, many do not have much democratic stature and are often led by an authoritarian leader, albeit enthusiastic. Therefore, full participation of the membership is unusual.

The move from humanitarian aid (post conflict situation) amongst farming communities towards subsistence/small commercial enterprise is now in process as communities recover from the trauma of war, and the major changes that have occurred in their socio-economic environment. Owing to the lack of employment in the industrial sector, farming activities now engage approximately 60% of the active male and female population. Support in awareness creation is needed to facilitate the process towards achieving a socially independent democratic society, with capacity to address economic opportunities within horticulture as they present themselves.

### **Private Sector Extension (background):**

The national administration, through the Ministry of Agriculture Forestry and Rural Development (MAFRD), has confirmed that the Government will not embark on providing a state financed extension service. Its strategic objectives are;

*“to facilitate structural changes in the rural economy and establish the economic framework and instruments that would support employment and income generation through expansion of the domestic agricultural base.”*

Within the above context;

*“increased productivity (intensification and diversification), the provision of farm and off-farm employment, development of private enterprises (commercialization/privatization of socially owned enterprises) and setting/strengthening institutional and regulatory frameworks.”*

Towards achieving these objectives, MAFRD will backstop private sector extension initiatives through its Ministry Field Units (MFUs) located in 6 regional offices nationwide.

Another professional linkage is also available with agricultural staff at 9 Municipal Rural Development Offices (MRDOs) which are part of the former local Government structure, and to a degree run parallel to the MFUs in the context of rural development activities.

Neither of these national or local Government bodies are designed to meet the extension services required by the agricultural sector (including horticulture). For this reason ways are being sought to build technical and organizational capacity within farmers communities to service their own needs, with regulatory and institutional support from MAFRD and MRDO.

### **Training – What and How:**

Since its initiation in February 2001, SPHP-K became increasingly aware of the need to capitalize upon existing local knowledge and expertise in order to reach larger numbers of farmers engaged in horticultural activities. In order to facilitate this, 2 missions were conducted by Mr Hans Oppliger (Extension Specialist) in September 2001 and May 2002. These missions addressed the following subjects:

## *Lessons Learnt*

- Identification of training needs of farmer groups
- Extension system and farmers' organization

The outcome of Mr Oppliger's first mission was the identification of a 'Training of Trainers' Programme amongst elected members of farmers groups that the Project was working with. The aim of this approach was to build capacity amongst one member (Pilot Farmer) of each group who would then disseminate, on an ongoing basis, information provided through the Programme (please see Diagram No 2). The second mission sought to facilitate the process of training, linking other institutions with SPHP-K in their effort to build capacity amongst the farmers groups. The phrase 'Vegetable Promoters' was coined to identify the Pilot Farmers who will receive training. Another issue to be addressed was that of financial sustainability of this horticultural extension activity, and various models of financing the activities of the Vegetable Promoters were reviewed. As the majority of groups had only recently been formed (since mid 2000), they had little source of regular income. It was therefore initially decided that Promoters be engaged (part-time) on the basis of the number of members to whom they provided advice within their Association. This proved to be unworkable and was later modified so that Promoters were compensated (to a degree) through the provision of trainings, and also materials provided for the Mother and Baby Plots Vegetable Trials Programmes (in which Promoters played a leading role) which have been conducted over the past 2 years (2002/03). Whilst this decision addressed the more immediate needs of the Vegetable Promoters, it did not build capacity within the groups (as originally planned) for self-financing in the longer term of this extension activity.

By mid 2002, the concept of Modular Trainings had begun to crystalize for building technical, marketing and didactic skills amongst Promoters. At the same time the Project was under review, and the outcome of this was that the Project should be client-led i.e. turned towards its customers. This had 2 important effects – the geographical extension of the Project to East and Central Kosovo, and the increased numbers of individual clients. This led to a change in the training focus, which then opened up to receive Pilot Farmers from other regions who were not necessarily members of a group. Another decision that was taken affected the way in which trainings were offered as Modules became optional, whereas the previous Training of Trainers Programme assumed that all former Promoters would attend trainings. Another more recent step is that Modular Training is seen to have a role for capacity building amongst service providers e.g. nurserymen. The initial thrust for formulating the Modular Training Programme was provided by a joint Mercy Corps/SPHP-K bid on 30<sup>th</sup> September 2002 for developing a Horticultural Commercialisation Programme financed through the USAID Kosovo Assistance Programme administered through a local branch of Save the Children (NGO). Although this bid was not successful, it provided the basis for a further consultancy by Mr Hans Oppliger and Miss Eva Körbitz from RhyTop in early March 2003, when a Vegetable Modular Training Programme was developed with the participation of client farmers during a series of Workshops. This provided the basis for a staff training programme (which also included 3 private and 2 public sector participants) held at the Rheinhof Agricultural Training & Extension Centre, Switzerland from the 21<sup>st</sup> – 30<sup>th</sup> March 2003.

During the training at Rheinhof, members of the group were allocated Training Modules for preparation and delivery in 2003/04. To date 2 Modules have been prepared and presented, each as a 2 days event, the first on Vegetable Marketing & Post Harvest Treatments and the second on Irrigation. The original plan was to present 8 Modules by the end of 2003, however, the amount of preparation time involved and the extent of work required for the overall SPHP-K programme, has led regrettably to some postponement. A further 4 new Modules are planned to be presented in 2004. It is agreed by all concerned that the exercise of preparing Modules is a win win situation as it is an excellent tool for developing staff capacities on the one hand, and provides training materials and venues for clients on the other. However, when the programme was planned, capacities were over-estimated, which led to an over-ambitious programme of training, particularly when existing training and capacity building activities were taken into account. (Please see Annex A and Table No 1).

**Table No 1: Client & Staff Capacity Building 2001/03**

Events	2001	2002	2003	Total No	Participants
Open Days	2	2	2	6	978
Trade Fairs	-	2	3	5	40
Staff Trainings	8	3	7	18	38
Client Trainings	1	3	12	16	143
Workshops	2	16	18	36	592
Study Tours	1	3	-	4	32
Regional Visits	-	-	7	7	22

The above Table is a summary of detailed training activities tabulated in Annex A, and shows the extent of the Project's involvement in capacity building events over the past 2 years and 10 months. Initially, considerable effort was put into staff training. In fact, 8 Staff Trainings were made in the first 10 months, 7 of which were conducted by SDC. This was complemented by 1 Study Tour. These Study Tours were continued in the second year and were an important means of creating awareness to new and improved horticultural development technologies in the nursery, vegetable and marketing sectors. Workshops are seen as an important venue for client participation. In 2002 and 2003, these were important occasions for exchanges of views and consultations on a range of Client/Project activities. Open Days have remained constant throughout the period. These involve a lot of time and effort to organize, but, as can be seen, the number of participants reached exceeds any other means of communication. However, Trade Fairs have come to the fore more recently and clients who have participated in these have, in most cases, been pleased with the numbers of persons attending their exhibits. (Information is not available on the number of visitors to client stands). In 2003, the number of Client Trainings tripled. This not only included Modular Trainings, but also an increase in other training events designed to transfer technical skills (in particular) to clients. This trend is now possible because of the increased information available within the Project from work conducted in the previous 2 years. Regional Visits are establishing linkages with projects and will in future provide an important network for exchange of information and expertise. They may also provide the initial channels through which marketing opportunities can be developed e.g. export of certified apple rootstocks to Macedonia.

***Developing entrepreneurial skills.***

The task now facing the SPHP-K Team is to capitalize on the various forums available to build capacities amongst clients. (Please see Table No 1 and Diagram No 2). In the 'Wheel of Fortune' we see opportunities, both in the private and public sectors, for extending staff and client knowledge. In fact every contact with clients should be explored for opportunities to enhance their capacity through a training element. We should always look at what a client can take away from the occasion, whether the forum is a farm visit, workshop, or phone call. I would like to suggest that subject matter could be divided into categories for delivery. In this way the most optimal forum could be selected from those listed in Table No 1, and then reinforced through other communication means (ideally, a message need repeating three times for a thorough understanding). The communication means which needs bringing up to strength in Phase III is prepared literature. This work has already begun with leaflets (in preparation) on five vegetable crops, and will need extending to other sectors i.e. Soft & Top Fruits and Ornamental culture. Ultimately, all forums/means of communication that come into play should have as their goal the dissemination of knowledge to secondary beneficiaries via Pilot Farmers and a range of supporting channels, thereby building a broader technology base within the industry.

### **Financing of Horticultural Enterprises:**

During SPHP-K's Pilot Phase, 780,000 CHF was allocated for programme costs, of which 350,000 CHF was earmarked to each of the following: Vegetable and Nursery activities, with Marketing included as a transversal activity. The remaining 80,000 CHF was dedicated to training course and publications. (Please see Pilot Phase Review). Initially, the Project faced some difficulties in identifying activity partners. This, combined with a delayed start, resulted in an overall expenditure of 83%. The balance of these funds was bound over into the First Phase.

Initially, the Project was focused on working with existing formal or informal groups (Associations), many of which had only been operating for a few months. A number were formed principally to access donor funding, rather than to provide sustainable services to members. The Project embarked on a 'Vegetable Promoter Programme' to facilitate groups through an 'informed' member of each Association. However, commitment of the membership was often arbitrary, and in some instances the group was led by a dominant individual who was reluctant to devolve responsibilities to other members. Under these circumstances, it is difficult to obtain the group homogeneity needed to implement training, co-financing and monitoring (e.g. field trials) activities.

Towards the latter part of the Pilot Phase, SPHP-K began working with families (with several active members) that were classed as modified groups. The homogeneity of these was much better because of the traditionally strong family ties within Kosovar/Albanian society. In some instances this also opened the door for better co-financing opportunities, financed by remittances from relatives working abroad.

Following the SPHP-K Pilot Phase Review (12<sup>th</sup> July 2002), a 'client-led' strategy was adopted which gave the flexibility to work with the whole horticultural community, including farmers and those who provide services to them e.g. processors. However, to enable this flexibility, SPHP-K would increase its capacity to provide advice and training and reduce investments. The extent of investment has been limited since January 2003 to introduction/trial of innovations/interventions on a co-financed basis.

The strength of the co-financed approach is the clear commitment of all parties involved, as expressed in the Participatory Technology Agreement (PTA) which SPHP-K and clients enter into for each activity. This Agreement also provides for adequate monitoring and dissemination of results to other interested clients or secondary beneficiaries. (Please see Diagram No 1).

Scaling-up is the next stage in the continuum towards full adoption by clients and sustainability within the horticultural sector. This is also where SPHP-K faces its biggest test. To recap, as an example we have taken the following steps for Soft Fruits – specific crop Strawberries:

- **Investigation:** Past capacities in fruit growing – 30 hectares grown within the Gjakova Municipality, primarily for juice processing and also for the fresh market.
- **Situational Analysis:** Korenica Village – a group of 4 widows (representing 18 members including active children), who formerly grew strawberries commercially with their husbands, have 1.2 hectares of suitable land with good access. Water is available from 1 well, and a further shallow well needs excavation. Families can provide fencing, organic manure, straw and labour.
- **Activity Planning:** Partner organizations identified to support women's group training and management (Malteser). Refinancing needed of equipment lost during the 1998/99 conflict i.e. 2 wheel tractor and implements, 2 irrigation pumps and sprinkler systems. (Kosovo Local Initiative Programme – KLIP). Imported certified strawberry runners, Agrofleece, other crop production and marketing inputs (SPHP-K). Total budget 20,912 €

## Lessons Learnt

- **Start-up of Activity:** Land preparation followed by planting in October 2001 of 0.9 hectares of strawberry plantations comprising 5 early, mid and late season varieties. Following planting, plantations were over-wintered under fleece. Marketing brand name identified with women's group. Labeling and containers ready for first exhibit at Gjakova Trade Fair, 15<sup>th</sup>-18<sup>th</sup> May 2002.
- **Monitoring Activities:** Small-medium yield successfully marketed locally. Women's group capacity and confidence improved. Considerable local interest amongst neighbouring villages. Two of the five varieties proved to be well adapted, showing good performance. Following the fruiting season, more than 100,000 runners were lifted and supplied to secondary beneficiaries. Of these, 30% were a return component\* 'plant for plant' and the remainder a cash sale. The women's group also provided a 50% finance for well cleaning and the digging of another well out of strawberry runner proceeds.
- **Review of Progress:** Small farmer awareness in South West Kosovo of strawberry production for the local fresh market was increased. Planting of 2 hectares of new plantations directly facilitated, and a further 40,000 strawberry plants (sufficient for 1 hectare) imported based on increased farmer interest and lessons learnt over the past season (2001/02).

In the autumn/spring of 2002/03, SPHP-K invested in the region of 42,000 € with a total of 15 new clients to take strawberry growing from a single initiative to a small scale soft fruit sector activity. This included plant and material costs for the following:

- Autumn strawberry planting of 3 hectares (2002).
- Spring strawberry planting of 1 hectare (2003).
- Raspberry (summer and autumn varieties) planting of 2 hectares (2002/03).
- Blackberry (early, mid and late varieties) planting of 1.5 hectares (2002/03).

By the spring of 2003, the area cultivated to soft fruits was 8.4 hectares. This included 5 hectares\*\* of strawberries – a five fold increase on the original planting made 18 months before.

Approximately 30 tonnes of strawberries were marketed by clients between April and June 2003, representing 7% of the domestic market.

\* An element of the PTA.

\*\* Includes the original 0.9 hectares of plantation in Korenica.

### Further Expansion of Soft Fruits:

On the 18<sup>th</sup> of July 2003 a Soft Fruit Growers Workshop was held in Gjakova. At this event, eleven strawberry growers committed themselves to planting a further 4.45 hectares for the 2003/04 season. The outcome, monitored at the SPHP-K/Client 'Evaluation and planning Workshop' on the 4<sup>th</sup> of December 2003, was that only four producers had managed to plant a total of 1.70 hectares – a shortfall of seven producers and 2.75 hectares. Of those who planted, one exceeded his commitment, one met, and two did not reach their target. A further three new producers did however plant a total of 0.25 hectares, each using return component material from producers assisted in the 2002/03 season. All three received inputs on a co-financed basis i.e. two from Malteser/SPHP-K and the third solely from SPHP-K. In each instance, new polythene mulching techniques were being demonstrated for strawberries.

This experience is just one example of the present limited capacity within the horticultural industry for 'scaling-up.' Within the soft fruit sector (strawberries), clients, together with SPHP-K, had identified the relevant technologies. Also, 2<sup>nd</sup> and 3<sup>rd</sup> generation quality plants were available at agreed grower/client prices per plant of 0.06 € and 0.03 € respectively, and yet only 44% were able to plant 38% of the area originally committed.

## *Lessons Learnt*

Factors which influenced farmers performance:

- The co-finance of the first season left farmers with little or no finance to expand their plantations in Year Two. Crop costings have already established that strawberry growers, in their first year, do little more than break even. The principal income arises in Years Two and Three.
- Most farmers are still looking for a co-financing opportunity to extend their plantations because of a lack of liquidity. Much of what little capital they have is tied up in restoring buildings, equipment and field boundaries (fencing).
- Those who are interested in obtaining a bank loan either find their bank will not give agricultural loans, or that those who do will only entertain seasonal (short term) loans at high rates of interest. (Ref: SPHP-K Yearly Report in Financial Sources in Kosovo Sept. 2003).

### **Rural Finance:**

The availability of rural finance at affordable rates is a key to the scaling-up of the different sectors within the horticultural industry in Kosovo. Without adequate financial services, we will see the example just described repeated in all sectors where longer term investment is needed e.g. Top Fruits, where it will have more severe constraints. Unfortunately, not very much has changed in real terms on the Agriculture/Rural Finance scene since the 'Proposal for Support to Financial Sector Development in Kosovo' was published by SDC/AZO in February 2001, in which inadequate finance was identified as a bottleneck to the industry (Chapter 4, Page 25).

There has however been a move by one commercial bank to offer annual loans to farmers. The Micro Enterprise Bank (MEB) provides finance on a decreasing balance with a 6 months grace period at 24% (in declining balance – 13% yearly), and can be extended for a further 1-2 years if repayments are timely and security can be identified for extension of the loan period for the 2<sup>nd</sup> and 3<sup>rd</sup> years. However, these loans do not take into account the seasonal nature of farming activities e.g. Strawberry plantations are established in September and the first harvest is in the following May/June, 9-10 months later. To finance such loans farmers must have other sources of cash income, which excludes many small farmers.

Kazabanka have recently been offering finance for erecting commercial size polythene houses in Kosovo (three clients participating). This is part of an export drive for Slovenian manufactured products that Kazabanka is supporting in the Balkans region.

There is therefore some light in the tunnel, but geared to established producers who can provide the required security. Small farmers who fall outside these services have little chance of entering the horticultural industry on a commercial basis.

#### ***Making credit available.***

I would make a plea for support to agencies like ADIE International who specialize in offering rural credit through Savings and Credit Associations by which small farmers might access a source of credit. In order to streamline this process, I further suggest a negotiated linkage between SPHP-K and ADIE International and/or similar organizations working in Kosovo. Through such linkages, loan applications could be facilitated and monitored (please see 'Way of Working', Steps 3, 4 & 5). We have to realise that, for the foreseeable future, small farmers access to targeted credit schemes is a key to their involvement in the future horticultural industry of Kosovo.