

ALBANIA: QABI - A tool to support Private Farmers Associations in Southern Albania

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CONTEXT

In many Eastern European countries and in Albania in particular, agricultural systems are still based on a subsistence economy. Rural societies are characterised by large numbers of small-farmers with limited income, poor education and low organisation level. Governmental assistance is normally very limited due to scarce financial resources and weak organization. Almost no marketing information is available, creating difficulties to farmers in finding agricultural inputs or markets for their produce, and problems to traders and processors in finding the right products and raw materials.

During the last years, in order to re-organize the agricultural sector of those countries towards a market oriented economy, farmers have been promoted to organize themselves in associations, cooperatives or other kind of group organization.

In the beginning most of the given support was concentrated in organizational and technical aspects, with the intention to improve their agricultural productions systems and to increase farmers' income. However, during the following years, was observed that poor input supply and lack of good marketing opportunities severely limited the sustainability of the created organizations. Then, the need to have specialized economic and marketing information to establish a solid basis for their survival and prosperity became essential.

BACKGROUND

At the end of the Second World War, 87% of the population of Albania lived in rural areas and 60% of the labor force was occupied in agriculture. During the communist government, land was expropriated and nationalised. Cooperatives were set up and later converted into state farms. Marketing of agricultural produce was controlled by the government and part of the cooperatives' profit had to be invested in a national development fund.

In 1991/1992, due to the collapse of the socialist system, Albania began the transition toward democracy and the principles of the market economy. State enterprises and land were privatised. About 400.000 individual farm enterprises were created, with an average surface of 1.4 ha. Due to lack of organization, agrobusiness sector collapsed, and agricultural production contracted to subsistence levels.

In April 1993, in order to re-orient the agricultural sector towards a market economy, the Albanian Ministry of Agriculture and Food supported by the Dutch government, started an Agricultural Development Programme (FAP) in the southern district of Fier. One of the components of FAP is to support farmers associations in the field of irrigation (Water Users Associations) and economic activities (Private

Farmers Associations). FAP was extended with a second phase from April 1995 until December 1999.

The Department of Agriculture and Food in the Fier District (DAF) is responsible for the implementation and coordination of this programme together with Stoas International, a Dutch organization specialised in human resources and institutional development. Moreover, the Dutch National Reference Centre and the Service for Land and Water Use of the Ministry of Agriculture, Nature Management and Fisheries are also involved.

This paper presents the experience of FAP working with Private Farmers Organizations and the strategy defined to let them become more autonomous and sustainable.

PRIVATE FARMERS ASSOCIATIONS - PFAs

In the Fier district, due to the bad experience with the former political regime, most farmers were reluctant to any kind of cooperation and were acting on an individual basis. This behaviour was even emphasized by the fact that they were used to that everything was organized and given by the government and no private initiative was requested.

In order to stimulate farmers' cooperation and to increase the agricultural production and farmers' income, FAP decided to help farmers to obtain agricultural inputs and to find markets for their produce. Within this framework, private farmers associations (PFAs) were promoted and assisted to get organized. Organizing farmers was seen as a way to make them play a more significant role in the market economy by increasing their power of bargaining and securing a fair distribution of the profits.

During the second phase of FAP, support to PFAs became one of the main focal points. In the end of 1995, five PFAs were established and organized, all of them oriented towards inputs' supply and collaborative marketing. Members of the PFAs' boards were trained on management, accounting and credit applications. Furthermore, FAP provided them with subsidised inputs, free technical advice and paid the PFA Managers. Later it was observed that too high financial support from FAP created internal management problems on many of these PFAs. When this support was reduced, some of them vanished. Efforts were put to initiate other PFAs, but also many of them did not succeed for the same reason or due to political problems or lack of real engagement of the members. It was also observed that some farmers showed interest to work together in small groups in certain moments of the agricultural campaign (ad hoc groups), focused mainly in input supplies, sometimes getting significant benefits out of this kind of cooperation. Gradually it became apparent that input supply and the marketing of produce were the major constraints to the development of farmers groups. It was also understood that assistance to the private sector should be better provided by an organization with no direct linkages with government.

In 1996 FAP changed its strategy. Even though assisting farmers in the development of PFAs was still seen as an important way to structure the agricultural production system, it was decided to stop with the direct support given to these

PFA's. Only information about marketing and input supply would be provided to them. Information exchange became the focus, complemented by advice and training. It was also decided that these activities should be undertaken by an autonomous organization, which would operate independent from any government institution. Parallel to this, the supply of inputs and marketing opportunities should be improved by assisting traders and processors. Again here no direct support would be given. The focus would be on exchange of information and experiences, marketing studies, networking and advice. To implement this strategy, FAP established the Agro-business and Information Centre (QABI).

THE AGRO-BUSINESS AND INFORMATION CENTRE - QABI

In September 1996 QABI was created to stimulate farmers and the agro-business sector in the Fier district to become more competitive. It was expected to develop towards an independent and non profit organization in the coming years.

It was defined that the role of QABI should be:

- a facilitating one and not to take actively part in any transaction on the market.
- it should be a place where business partners can meet.
- provide and produce market information.
- carry out market research in order to generate relevant information;
- initiate and enhance business relations between farmers and business people.
- it should not duplicate work with other organizations (coordination).
- provide data for policy formulation.
- provide statistical data and market information to investors and donors.

In 1997, the main objectives of QABI were formulated as follows (Vorage & Frieling):

- a) To provide market information to farmers and agro-businesses and to bring these two parties closer together;
- b) To stimulate cooperation between farmers, in economic and social terms.

To achieve these objectives, a strategy was defined. Regarding the first main objective, it was determined to:

- Collect, process and provide market information on: prices of major crops, agro-inputs and services; quality & varieties and origins; conditions of sale; market trends; market channels and to create a directory of agro-businesses.
- Organize training in marketing (e.g. demand analysis, promotion, distribution), production (e.g. planning, quality control), finance (e.g. bookkeeping, accounting) and organization (e.g. personnel, management).
- Provide research and advisory services: e.g. markets surveys, feasibility studies, technical research on production processes and advisory service in all critical areas (e.g. marketing, production, accounting, management, finance, juridical aspects, etc.)
- Strengthen the existing linkages between farmers and agro-businesses .
- Develop a network of contacts in the agro-business sector and to facilitate functional linkages between this network.

- Enhance linkages or interventions that increase the demand for raw materials and labour.
- Promote a fair share of the benefits amongst all actor involved.

Regarding the second main objective, it was determined to:

- Transfer FAP's activities on PFAs to QABI, that as an independent organization is expected to be more able to cater for the needs of the farmers. It is also in a better position to link farmers productive capacity with opportunities in the market.
- Develop the knowledge on rural communities and on existing forms of cooperation in order to provide points of entry for QABI activities.
- Support of other forms of cooperation to improve farmers' social and economic situation;
- Look at the constraints experienced by farmers but also at the opportunities;
- Play a supporting role in organising small and concrete activities.
- Use their network of relationship for the benefit of the farmers.
- Organize exchange visits with succesful groups.
- Show the farmers the benefits of cooperation and promote PFAs.
- Identify opportunities in the market and stimulate farmers and agro-business people to take advantage of them.
- Organize farmers around such market oriented activities in order to create viable forms of cooperation.

QABI is composed by an Economic Unit, a Business Unit and a Farmers Cooperation Unit. Is staffed by two economist and three facilitators specialized in horticulture and livestock. One economist assume the task of manager. The staff was trained and assisted by FAP.

Within the framework of this study, it was found suitable to present the strategy of the Farmer Cooperation Unit.

STRATEGY OF QABI'S FARMERS COOPERATION UNIT

The Farmer Cooperation Unit must create awareness among farmers on the (economic) advantages of cooperation, the short-term profits it can bring and the long-term benefits for their rural societies.

QABI does work with small or large groups, permanents or ad hoc, economic or social oriented. In spite of the fact that working with bigger groups creates a bigger impact and is more durable, small groups have often proved to develop to a more permanent kind of cooperation. If an ad hoc group turn into an association, this has advantages for marketing and business agreements.

It was defined that the facilitator should:

- focus on supporting progressive farmers that want to undertake cooperative activities, leaving the "ownership of the activity in the hands of the farmer".

- work towards a business like and client oriented approach. His role should have a clear beginning and a clear end. In a first moment, the impact brought by his assistance receives all the attention, but later, financial compensation has to be requested from the farmers for the services received.

To give cooperative activities between farmers a more permanent character, attention must be paid to create a supportive environment for the continuation of that activity. Linking a group of farmers with business organizations that offer discount related to economies of scale or linking it to extension or financial services only available for groups, are ways to consolidate the achievements of cooperative action and stimulate new cooperative activities.

Through QABI 's Economic Unit and the Business Unit, the facilitors receive information on opportunities in the market and will actively invite farmers to participate in these market opportunities.

By increasing economical activities, increasing profits and capital accumulation and the demand for market information and network-services, QABI contributes to establishing a basis for its long-term survival and sustainability.

Finally, closer collaboration with the agricultural extension workers is sought, in order to promote each other services and possible to start collaborative pilot projects (e.g. on improved seeds/seedlings, fertilizer application, etc.).

QABI's ACHIEVEMENTS

Amongst the most significant achievement of QABI during its first two year of existence, it can be pointed out the following:

- In January 1998 QABI officially opened its independent office in the centre of Fier.
- Since November 1998 QABI became an independent NGO, legally recognized and governed by an elected board consisted of 2 farmers, 2 traders and 2 processors. Next to this members the QABI's manager, the Director of the Department of Agriculture and Food and a representant of the donor organization (FAP team leader) are also part of the board. All members pay a membership fee and it was agreed that traders and processor pay a higher one.
- Farmers assisting mentality is being changed. Farmers and PFAs started to pay for the services received or to participate in seminars organized by QABI or FAP.
- Since January 1998 a monthly bulletin appears with extension messages, articles of importance to farmers, listing of prices of agricultural inputs and with advertisements of traders. Several traders buy the bulletins for distribution to their clients.
- During 1998, 21 farmers groups were formed, from which 5 have a permanent character (PFAs) while the others are more seasonal (ad hoc groups).
- Local and national seminars are being organized in different subjects.
- QABI helps farmers with the preparation of business plans and to perform

economic surveys.

- QABI organizes course in bookkeeping and English language.
- QABI maintains relations with partner organizations at national and international level.
- The Ministry of Agriculture and Food and other governmental institutions are very pleased with the work performed by QABI until now.
- QABI's staff built a good reputation and a strong network of relations in a number of communities in the Fier district. This was achieved because cooperation is based on needs expressed by the farmer(s), serves a common interest and is on voluntary base (the initiative is left as much as possible with the farmers); the cooperation takes place in an open and transparent manner; the facilitator and the farmers treat each other as equal partners; the facilitator builds a relation of trust, integrity and reliability with his or her clients; and, the final responsibility is left with the farmers.

QABI's FUTURE

QABI will, at least for the near future, be dependant on donor funding.

It is not realistic to expect that in the hectic environment of Albania it is possible to develop an NGO that operates at the delicate interface of the farming and business communities and to find its way all by itself in only two years time.

The Dutch Government will continue to support FAP and consequently QABI until the end of 1999. New support will have to be sought until QABI manages to produce enough profit to support their activities by itself.

This financial limitation does not fade QABI's willing to improve their skills and the quality of their services, nor the wish to extent their area of intervention. Moreover, the possibility to help the establishment of other similar information centers in other districts and the creation of a Foundation at a national level is being discussed among their members.

It is therefore hoped that QABI will be able to find committed (donor) partners that are open and willing to support this "experiment" in a country that is still searching for its balance.

For further information, you can contact QABI at:

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