

Jørn Holm-Hansen, Samir Muhamedagic
and Hysen Bytyqi

Norwegian Support to Agriculture and Agri- Business in Bosnia- Herzegovina and Kosovo

A review



NIBR

Norwegian Institute for Urban and Regional Research

Jørn Holm-Hansen, Samir Muhamedagic'
and Hysen Bytyqi

Norwegian Support to Agricultural and Agri-Business in Bosnia-Herzegovina and Kosovo

A review

NIBR Report 2011:6

Title: Norwegian Support to Agriculture and Agri-Business in Bosnia-Herzegovina and Kosovo
A Review

Author: Jørn Holm-Hansen, Samir Muhamedagić and Hysen Bytyqi

NIBR Report: 2011:6
ISSN: 1502-9794
ISBN: 978-82-7071-874-0
Project number: O-2882
Project name: Norwegian support to agriculture and agri-business on the Western Balkans:
A review for the MFA

Financial supporter: Ministry of Foreign Affairs – Norway

Head of project: Jørn Holm-Hansen

Abstract: Norwegian support to agriculture and agribusiness in Bosnia-Herzegovina has not kept pace with developments in the region. After ten to 15 years it still mainly consists in carrying out activities on behalf of, or in stead of, target groups. The support's contribution to professional farming and profitable agri-business is not evident.

Summary: English

Date: February 2011

Pages: 130

Publisher:: Norwegian Institute for Urban and Regional Research
Gaustadalléen 21
0349 OSLO
Telephone (+47) 22 95 88 00
Telefax (+47) 22 60 77 74
E-mail: nibr@nibr.no
<http://www.nibr.no>

Printed: Nordberg A.S.
Org. no. NO 970205284 MVA
© NIBR 2011

Preface

This Review has been carried out for the Norwegian Ministry of Foreign Affairs. It documents the agricultural project activities implemented in Bosnia-Herzegovina and Kosovo by three Norwegian organisations. These are Jæren Produktutvikling, Norges Vel and Stiftelsen Sandnes-Dubrovnik.

The project leader's time spent on preparations, field studies and writing up amounts to 32 man days, of which three weeks field work. Local experts Samir Muhamedagić (Bosnia-Herzegovina) and Hysen Bytyqi (Kosovo) took part in field work and quality checks. Muhamedagić and Bytyqi have links to Norway through the education opportunities offered to Western Balkan agricultural students by the Norwegian University of Life Sciences (professor Mesur Vegara).

The Norwegian Institute for Urban and Regional Research would like to thank all those having shared their time, information and insights with the Review Team. Everybody has been very helpful.

Inger Balberg at NIBR deserves thanks for her technical finish on the final version of the report.

Oslo, February 2011

Marit Haug
Research Director

Table of Contents

Preface.....	1
Tables	4
Figures.....	6
List of abbreviations.....	7
Summary	8
1 Introduction	12
1.1 Brief information about the organisations and project activities reviewed.....	12
1.2 Background on support to Western Balkans	14
1.3 Main purpose of the review.....	16
1.4 Methodology.....	17
2 Agro business in Bosnia-Herzegovina and Kosovo.....	19
2.1 Bosnia-Herzegovina.....	19
2.1.1 Agriculture's role in the economy.....	19
2.2 Cooperatives	21
2.3 Kosovo	23
2.3.1 Agriculture in Kosovo.....	23
3 Jæren Produktutvikling.....	26
3.1 Background and objectives.....	26
3.2 Project implementation.....	28
3.3 Programme theory and project activities.....	30
3.3.1 Programme theory	30
3.3.2 Activities	34
3.4 Results and attribution	35
3.5 Risk management.....	40
3.6 Cost effectiveness	43
3.7 Sustainability	45
3.8 Synergy, coordination and complementarity.....	46
3.9 Conclusion	47
4 Sandnes-Dubrovnik Group	51

4.1	Background and objectives.....	51
4.2	Project implementation.....	53
4.3	Programme theory and project activities.....	55
4.4	Results and attribution	65
4.5	Risk management.....	70
4.6	Cost effectiveness	71
4.7	Sustainability	72
4.8	Synergy, coordination and complementarity.....	73
4.9	Conclusion	73
5	Norges Vel.....	76
5.1	Background and objectives.....	76
5.2	Project implementation.....	79
5.3	Programme theory and project activities.....	81
5.4	Results and attribution	85
5.5	Risk management.....	92
5.6	Cost effectiveness	94
5.7	Sustainability	95
5.8	Synergy, coordination and complementarity.....	97
5.9	Conclusion	98
6	Conclusions	102
7	Input to a possible Strategy for Norwegian support to agriculture, food and rural development in the Western Balkans.....	107
7.1	Background.....	107
7.1.1	The possibilities of continued support to Bosnia- Herzegovina's agriculture.....	109
7.1.2	The possibilities of continued support to Kosovo's agriculture.....	114
7.2	Three alternatives.....	116
7.2.1	Alternative 1: Brush up the existing system of support through Norwegian organisations	116
7.2.2	Alternative 2: Discontinue the support to agriculture.....	117
7.2.3	Alternative 3: Updated support to agriculture and agri-business.....	119
7.3	Conclusion	122
	References.....	123
	List of interviewees	126

Tables

Table 1.1	Overlapping activity clusters of the three organisations	13
Table 3.1	Profile of the cooperatives involved in the project per July 2010.....	27
Table 3.2	Components in JP's programme theory	31
Table 3.3	Independent and dependent variables within the JP project	33
Table 3.4	Development of Agroneretva	36
Table 3.5	Credits given per July 2010 (in KM)	39
Table 3.6	Ethnic composition in the cooperatives per 2010 (in pct).....	40
Table 3.7	JP's projects in Bosnia-Herzegovina, total amount ...	44
Table 4.1	Start up and current project phase of activities in municipalities of Bosnia-Herzegovina (per 2010)	59
Table 4.2	Contributions to the Derventa Municipal Agriculture Development Fund.....	63
Table 4.3	SSD's suggestion for contribution to the Inter-municipal Regional Development Fund at the upstart	63
Table 4.4	Number of houses reconstructed	65
Table 4.5	Contribution from the Kostreš Foundation Revolving Fund to infrastructure in the Kostreš village:	66
Table 4.6	Number of loans per year, Derventa municipal revolving fund	66
Table 4.7	The Derventa Municipal Agriculture Development Fund by 31.12.2009 (in KM)	67
Table 4.8	Types of loans, Derventa municipal agriculture development fund	68
Table 4.9	SSD's project in Bosnia-Herzegovina, total amount.....	71

Table 5.1	Scope of A-courses, LLL.....	87
Table 5.2	Number of B-course participants.....	87
Table 5.3	Number of C-course participants.....	88
Table 5.4	Norges Vel's projects in Kosovo, total amounts	94

Figures

Figure 4.1	The SSD and Reconsult four-step model.....	58
Figure 5.1	Intervention theory LLL project.....	83

List of abbreviations

BiH	Bosnia-Herzegovina
JP	Jæren Produktutvikling/Jæren Product Development
KM	Convertible Mark, Bosnia-Herzegovina's currency 1,95583 KM = 1 euro
MAFRD	Kosovo: Ministry of Forestry and Rural Development
MEM	Kosovo: Ministry of Energy and Mining
MEST	Kosovo: Ministry of Education, Science and Technology
MFA	Ministry of Foreign Affairs
SSD	Stiftelsen Sandnes-Dubrovnik/Sandnes-Dubrovnik Group

Summary

Jørn Holm-Hansen, Samir Muhamedagić and Hysen Bytyqi

Norwegian Support to Agriculture and Agri-Business in Bosnia-Herzegovina and Kosovo – A Review

NIBR Report 2011:6

Norway has supported the development of agricultural and agri-business in the Western Balkans since the late 1990s. Most of the support has been channelled through the three organisations evaluated here, Jæren Produktutvikling, the Sandnes Dubrovnik Group and Norges Vel. The evaluation is based on their performance in Bosnia-Herzegovina and Kosovo.

At the outset, Norway's agricultural support was motivated by a wish to help households survive economically in the aftermath of the wars in the region. The fastest and most cost-efficient way to boost employment and incomes was believed to go through agricultural support. In most cases the project's impact area was selected politically in the sense that reference was made to eviction and return rather than agricultural and economic criteria. This was in line with the overall approach of the international community at the time. Later, the international community's efforts have developed from rendering relief to helping the Western Balkan countries prepare to become eligible to membership in the European Union. The Norwegian agricultural projects, however, retain characteristics from the phase of immediate relief. This makes their present relevance questionable.

The projects are targeted directly at beneficiaries in a limited geographical area, and to a surprisingly large extent consist in constructing buildings and infrastructure on behalf of target groups. The physical results are the strong side of the Norwegian projects, but still they are mere outputs. Wider effects are few. In fact, it is still not possible to conclude that the projects have had

NIBR Report 2011:6

effects beyond the direct outputs. Project dynamics are discernible mainly between the project and groups directly targeted, i.e. the direct beneficiaries, and not even among them it is possible to conclude that a strong layer of farmers, or cooperatives, have developed.

The projects are poorly linked to other ongoing processes to strengthen agriculture. National agricultural and developmental authorities are positively inclined to the projects, but have not been eager to make use of them in their own strategies. All this challenges the sustainability of the projects. In some cases, however, notably in SSD's project, municipalities have been active and integrate project activities with their own strategies. Nonetheless, the general picture is that the ownership feeling of the projects remains on the Norwegian side. After 10 to 15 years, the projects are still projects, and they have not been transformed into ordinary business or administrative activities.

In the value link between production and sale, Norges Vel mainly has addressed the needs of the farmers to acquire basic production skills, whereas Jæren Produktutvikling (JP) has concentrated on facilitating processing and sale through cooperatives. After mainly having concentrated on the production link, the Sandnes Dubrovnik Group (SSD) has developed a sequenced model that addresses the entire value chain. Despite the fact that the three organisations approach the value chain from somewhat different entry points, they make use of identical project interventions, like e.g. support to cooperatives, adult agricultural education/extension, support to vocational agricultural education, and micro credits. Nonetheless, they have not communicated. The three organisations have learnt by own doing, not by exchange of experiences or systematic use of existing knowledge. This is problematic given the fact that two of the three organisations started out with no experiences in international developmental aid and the one organisation with a considerable international department should have known better. In particular, when setting out to support voluntary cooperatives and self-governed micro credit lines, knowledge on how things actually work in societies in lack of social capital would have been of great use.

Although they have worked in the same policy field with very much the same project interventions, the three organisations are

quite different, Norges Vel being the only streamlined NGO. It was a bold step taken by the MFA to include JP and SSD as main actors. Being an inter-municipal foundation facilitating business development in one Norwegian micro-region JP lacked a typical developmental profile. SSD was a local friendship and solidarity association with no administration on its own. Locally in the Western Balkans, Norges Vel has operated with a deployed Norwegian and a substantial local staff in Kosovo and has been able to draw on a large international department at the organisation's head quarters in Norway. JP has developed its project portfolio to become more international than local and inter-municipal. The organisation has an office in Bosnia-Herzegovina with a Bosnian project manager with a short refugee background from Norway. SSD has no staff, but works through a local partner organisation, Reconsult.

The sums spent on agricultural projects are considerable. Since 2002 JP has spent 81 million NOK on its projects in Bosnia-Herzegovina. SSD has spent 6.3 million on its agricultural development project. In Kosovo, Norges Vel has spent 28 million NOK. Unlike many other international organisations in the region that tend to donate and leave, the three Norwegian organisations stay and see to it that buildings, machinery and equipment are used for the intended purpose. The tough line applied by JP and SSD with micro credit holders who did not pay back is in line with this. The three Norwegian organisations have been careful to link their donations to training and other obligations.

It is, however, not possible to conclude that the outputs have made agriculture and agri-business stronger in Bosnia-Herzegovina and Kosovo to an extent that justifies the considerable sums spent on the projects. On the positive side, it is worth noticing that the projects do not seem to have done unintended harm.

Future Norwegian support to agricultural development in the Western Balkans will have to be brought in pace with the priorities of the national authorities and international community. These priorities are EU approximation, which means that localised, infrastructural work, like building training facilities, dairies or packing lines, should be replaced by projects that aim at systemic improvements. For instance, agricultural extension services are in need of being strengthened nation-wide. Product quality control, e.g. veterinary services, is in need of improvement. Small and

medium-sized farmers are in desperate need of more cooperation, e.g. through cooperatives.

Some of the experiences and achievements of the three Norwegian organisations are of potential use, like JP's work with HACCP licensing, SSD's work with municipal developmental departments and local agricultural advisors, and Norges Vel's experiences from integrating practical training in agricultural vocational education. However, in the next phase the projects must be aiming at least nation-wide and be focused on outcomes and impacts, rather than mere physical outputs. Moreover, the projects must be carefully researched before initiated. This is the case not least for projects that challenge deep-seated structures in the Western Balkans, like the lack of social capital.

1 Introduction

1.1 Brief information about the organisations and project activities reviewed

This review covers the activities in Bosnia-Herzegovina and Kosovo carried out by:

- Jæren Produktutvikling (*JP*)
- the Sandnes-Dubrovnik Group (*SSD*)
- the Royal Norwegian Society for Development (*Norges Vel*)

These are the three Norwegian organisations receiving most of the funds allocated by Norway for support to the agricultural sector of the Western Balkans. They were originally chosen as project implementer because of their competence in agriculture and business development. At the time some criticism was heard from the large Norwegian NGO's against letting small, national groups like JP and SSD run projects in the Western Balkans.

Agriculture was chosen as a focus area because it became more and more evident at the time that just reconstructing houses without helping people get an income would be incomplete. Farming was considered a sector where small investments could help many people get an income. So far, the MFA has had no explicit strategy for its support to the agriculture and agri-business, and the organisations have adapted their stated objectives to evolving needs, from *immediate relief* in the beginning to *EU adaptation* today (more on this below).

There are striking similarities in what the three organisations have concentrated on, as illustrated in the following table:

Table 1.1 *Overlapping activity clusters of the three organisations*

Field of activity	Organisation's involvement
Cooperatives	<ul style="list-style-type: none"> - JP's core activity - Cooperatives one of SSD's local beneficiaries - One of Norges Vel's latest projects
Assistance accessing the market	<ul style="list-style-type: none"> - SSD through matchmaking events and assistance doing market analyses - JP through Agroneretva, HACCP, training of cooperative managers
Adult agricultural education	<ul style="list-style-type: none"> - Norges Vel's LLL courses - JP's course centres - JP's and SSD's training carried out by Norwegian experts on extension services
Micro credits	<ul style="list-style-type: none"> - SSD's local and inter-municipal funds - JP's credit associations - Norges Vel's credits through one cooperative
Construction of processing facilities and buildings	<ul style="list-style-type: none"> - JP in cooperatives - Norges Vel in the secondary school
Working with upper secondary school's agricultural department	<ul style="list-style-type: none"> - Norges Vel with Adem Gllavica school - SSD with Derventa secondary vocational school - JP with course centre in Konjic secondary school

Although addressing identical problems with more or less the same interventions for similar target groups, the three Norwegian organisations' point of impact in the agricultural value chain differ. Norges Vel has focused mainly on capacity-building of rural people/farmers, whereas JP focuses on processing, distribution and sale. A four-step strategy starting with selecting prospective farmers and ending with linking them to the market, places SSD in between the other two organisations.

Also as to what type of organisations they are, the three differ. Established in 1809, Norges Vel is Norway's oldest "NGO" and has had vigorous local communities as its focus all the time. Norges Vel has a separate international department. JP is an inter-municipal foundation facilitating business development in one of Norway's south-western districts, but is equally much engaged in international projects. Unlike Norges Vel and JP, SSD is more of a spontaneously established grass root organisation, although run by the local elite in the town of Sandnes and organised as a foundation. It has no staff in Norway, but many voluntary enthusiasts.

The different origins, size and structures of the three organisations result in significant differences in what one might expect from them in terms of administrative resources to handle analysis of local conditions, write reports, design project applications and follow-up project activities.

The three organisations have chosen to implement activities locally through three distinctly different types of field offices:

1. Jæren Produktutvikling: Local branch office in Mostar with former refugee to Norway as head with local staff (formally Agroneretva's staff)
2. The Sandnes-Dubrovnik Group: Local partner organisation in Banja Luka with staff
3. Norges Vel: Norwegian representative of Norges Vel stationed in Lipjan/Lipljan and local staff

Surprisingly, the three organisations have neither coordinated their activities, nor exchanged experiences systematically.

1.2 Background on support to Western Balkans

Finding a niche in the 2010's for Western Balkan agrobusiness is a challenging task, among other due to fierce competition from advanced, but low-cost producers in Turkey and the Eastern regions of the EU.

The current economic situation in the Western Balkans is marked by long-term effects of the 1990's wars that left the countries behind in the ongoing transition process in other parts of Eastern Europe. The wars caused economic disruption and instability. Where other East and Central European countries could focus on the economy, political institutions and not least EU adaptation, the Western Balkans countries were faced with post-conflict complexities.

Since 1991 the Western Balkans has received considerable international aid in order to cope with evolving challenges. Norway is a major donor, and the Western Balkans has been one of Norway's main recipients of assistance world-wide. During the period 1991-2008, Norway provided about NOK 10 billion (euro 1.25 billion) to the region.

The assistance has been given in three phases. Naturally, the phases have been partly overlapping, e.g. relief and support to democracy-building taking place in the same country at the same time. However, the broad picture is that in the first years after 1991 aid was given in order to help overcome the immediate humanitarian catastrophe resulting from war and the ensuing disruption of the economy.

Later, after the armed conflicts, the support was directed towards reconstruction and development. This is where the Norwegian support to farming and cooperatives started out. Since the late 1990s, support to agriculture and agribusiness has been one of Norway's main priorities in its assistance to the Western Balkans. As this review will show, the Norwegian agricultural assistance still is marked by the phase in which it was established. Construction is still being done.

As a part of the 2004 organisational restructuring of the division of labour between the MFA and the Norwegian Agency for Development Cooperation (Norad), the responsibility for Western Balkan project were transferred from Norad's Department for civil society and business development to MFA's Western Balkans section.

Since 2000, the focus has been on reforms and adjustments to the Euro-Atlantic integration processes with the future prospects of joining the EU and NATO as member states. This implies support

to economic and political reform, capacity-building and institutional development, security and justice reform, human rights and private sector development as well as support to the fight against organised crime and trafficking.

The development from relief through reconstruction to EU adaptation requires an accompanying passage of the attention from physical needs to systemic change. For the support to agriculture and agribusiness this could imply an end to interventions primarily targeting farmers directly.

1.3 Main purpose of the review

This review's Terms-of-Reference points at the fact that within 2011 the bulk of Norway's agricultural projects in the Western Balkans have been finalised, and that this would be good opportunity to sum up. The study is two-fold with a focus on experiences made and results achieved. The report is written to be put to use as a background for the development of a strategy for the Norwegian assistance to agriculture and agri-business in Bosnia-Herzegovina.

The Western Balkan countries are changing and are no longer primarily post-war societies. This means that relevance criteria have to be addressed continuously. Relevance is one of the main questions to be discussed throughout this report. Efficiency is another core issue. Are the projects mainly having local effects, or do they link up with ongoing processes and join forces with others to create synergy?

The review will identify project results and discuss whether they lead to a stronger agriculture and agri-business in Bosnia-Herzegovina and Kosovo.

Also, strengths and weaknesses of the three Norwegian organisations will be assessed and discussed. Interesting for comparative purposes, they are very different, but are involved in activities that at times come close to being identical (but without much communication). Do they "add values"? Do they handle risk? Are they cost-efficient? Do they carry out the project operations themselves, or do they build local capacities as they go?

The review will conclude by ways of suggesting a set of recommendations for future steps to be taken.

1.4 Methodology

The use of programme theory. We have used the concept of programme theory, or intervention logic, as a practical tool throughout the study. This means that programme theory will structure the data collection and the Interview Guide, it will be used in the analysis, and in the communication of the findings and recommendations, including learning among project holders and their partners.

(input → activities → output → outcome → impacts)

A usual, it has been easier to identify *outputs* (like number of trained farmers, scope of installed processing equipment, amount of credits given) than *outcomes*, i.e. in what ways the outputs have been used and to what extent they are in line with the project objectives.

We have sought out the causal links between what the activities do (how they do it) and what they achieve. Doing this we have distinguished between the causal links, or results chains, that have been assumed and those that actually have been in operation.

Case study approach. We have modified case study techniques for the purpose of analysing the three organisations' interface with the concrete settings they operate. Without doing this, the use of programme theory would be a purely theoretical exercise. In short, we try get close up in order to have an in-depth view on what actually happens when the three organisations intervene with the realities of the developmental context. This context is the social, economic, political and cultural conditions they partly seek to change, partly are dependent upon. One of the most persistent aspects of the contextual reality influencing the projects is the very fact that Bosnia-Herzegovina and Kosovo have been and still are in the receiving end of massive, generous and uncoordinated aid initiatives.

Document studies. We have gone through the most relevant project documentation as well as reports written by researchers and international as well as local institutions.

Interviews. Given the methodological approach outlined above, interviews have constituted an important source. For most of the categories of interviewees we have had Interview Guides to make sure all relevant aspects (as identified in the T-o-R) have been touched upon. This means the interviews have been semi-structured, allowing interviewees to bring up issues and aspects not thought of by the review team.

2 Agro business in Bosnia-Herzegovina and Kosovo

2.1 Bosnia-Herzegovina

2.1.1 Agriculture's role in the economy

Today 20.5 per cent of Bosnia-Herzegovina's work force is employed in agriculture, and 9.5 percent of GNP comes from the sector. Despite agriculture's importance for many Bosnians, the country's agrarian policies are to a little degree underpinned by analyses and assessments, and decisions tend to be made on short term. The main policy instruments used by Bosnian authorities to support the country's agriculture are: border protection, production subsidies and interest subsidies. Import tariffs have been low and the use of market interventions has been insignificant. There are no input subsidies and no direct controls on consumer prices, but there have been production subsidies and officially sanctioned minimum prices on some crops (Bajramović et al 2006).

Agricultural policies in Bosnia-Herzegovina have been the responsibility of the entities in line with the Dayton agreement. There are agricultural policy institutions on levels of government below the entities as well, cantons and municipalities. The decentralised pattern of agricultural policy-making in Bosnia-Herzegovina and the fact that Bosnia-Herzegovina has had no institutions of agricultural policies at state level have been identified as a problem by among others the EU (Bajramović et al 2006). There is, however, an agricultural department in the BiH Ministry of Foreign Trade and Economic Relations.

Bosnia-Herzegovina is committed by the Stabilisation and Association Process to speed up inter-regional trade and re-establish food chains. The country needs to increase the competitiveness of farming and food industry, and reduce extensive farming. Bosnia-Herzegovina's agriculture needs to follow European food safety standards.

Land used to be privately owned in Yugoslavia. At the end of the 1980s 82 of the arable soil was private, and in Bosnia-Herzegovina this figure was 95 per cent. Unlike other countries in post-1989 East Central Europe, where agricultural markets had to be reinvented, Bosnia-Herzegovina before 1992 had a functioning formal and informal market system and a vital private sector. Cattle farmers sold their products on weekly livestock markets, which usually had a veterinary control and also sold informally to local restaurants, butcher shops and meat processors. These channels were not totally disrupted as a result of the war, but the volume of supply and demand has not reached pre-war levels (Ćejvanović, Vasiljević & Grgić 2008).

Land was – and is – inherited according to traditional rules, resulting in very small farms. Bosnia-Herzegovina's agriculture is small-scale. Individual farms are on average 3 hectares, and land often dispersed on 8 to 10 parcels. In fact, around one out of two households in Bosnia-Herzegovina is agricultural (Hanson et al 2007).

In the Western Balkans, Croatia, Serbia and Macedonia produce most per hectare of arable soil, and Bosnia-Herzegovina least (Zekić, Gajić & Lovre al 2009). Being a mountainous country, only 20 per cent of Bosnia-Herzegovina's territory can be used for intensive farming. Nonetheless, Bosnia-Herzegovina used to be a net "exporter" of livestock products, wine, fruits and vegetables to other Yugoslav republics and foreign countries. After the 1992-95 war this changed. Agro-processing industry was operating at less than 10 of its pre-war capacity. Today, Bosnia-Herzegovina produces only one third of the processed meat the country used to produce back in 1991 (Ćejvanović, Vasiljević & Grgić 2008).

Agricultural production was reduced to 70 per cent the 1990 level. Buildings and equipment had been destroyed, and buyers disappeared. Exports almost came to a halt, and around one fourth of the agricultural products consumed were imported.

Low productivity is caused by very inefficient production procedures and poorly developed interaction between production and other links in the market chain. Small Bosnian enterprises struggle in the market, and even in the fruit and vegetable sector, for which Bosnia-Herzegovina has natural and climatic advantages, imported products dominate the market. The agricultural advisory and extensions services are poorly developed.

Post-World War II Bosnia-Herzegovina underwent significant industrialisation, but many employees in industry and administration continued to be engaged in agricultural activities on the side. Most industrialised Bosnians had kept close links to parents' and siblings' farms, or they had been commuting from farms.

After the war many Bosnians had lost their pre-war work in industry and administration. As a result of the economic collapse, they resorted to small-scale, primitive farming. The farm provides a very basic safety net through food security. This is a phenomenon not only taking place in Bosnia-Herzegovina, but in crisis-ridden, poor countries all over the world. When identifying target groups for developmental projects, therefore, it is necessary to distinguish between farmers who do it as a long-term living strategy and those who do it as a desperate surviving tactic for a while.

An indication of the small scale of the Bosnian agriculture is the fact that among cattle-farmers, since 1992, less than one per cent has had five or more cows, 60 per cent had one cow and 30 percent had two cows. Moreover productivity is very low. Whereas one cow makes 5,500-8,500 litres, it makes 1,400 litres in Bosnia-Herzegovina (Ćejvanović, Vasiljević & Grgić 2008).

2.2 Cooperatives

In its evaluation of Norway's developmental cooperation with the Western Balkans, Scanteam (Disch et al 2010b:35) wrote: "The agricultural program is particularly vulnerable in this regard because the needs for genuine progress in a sector that serves such a large share of the very poor could be so beneficial yet remains

mired in small isolated enclaves called cooperatives that show little dynamism and role model building.”

Scanteam’s reservation is not without foundation. Yet, their point could be contested by referring to the potentials of cooperative organisation of small and medium-sized farmers. Cooperatives helps their members cope with some of the most serious problems facing Bosnian farmers, like small scale, poor production capacity, difficult access to inputs. Officially, there are 554 agricultural cooperatives in Bosnia-Herzegovina, but the number of operative cooperatives is much lower. In many cases cooperatives are defunct or function as renting agencies of land.

The Law on Cooperatives from 2003 regulates the sector and covers both entities. The law is based on the Western European cooperative principles, and lay out how new cooperatives are to be established, membership rules, recordkeeping, management, property rights, and distribution of profits and losses.

There is no data base on cooperatives in Bosnia-Herzegovina that could tell e.g. how many cooperatives have HACCP or Global Gap certifications. The number is very low as indicated by the fact that JP visited 40 of the most promising cooperatives in 2010 and found only two with a HACCP certificate. This is only one indication of the Bosnian cooperatives’ low ability to compete on a serious market. They do not even have one of the most basic entry tickets.

Today’s cooperatives have different origins. Some are continuations of pre-1992 cooperatives. Others, about one third, have been established at a later stage, in many cases by international organisations. This latter category of cooperatives tends to have difficulties transforming themselves from being donor-initiated projects to becoming member-owned commercial enterprises. The prospects of receiving farm machinery, equipment or cheap credits often have been the main incentives to join. In some cases local authorities play a role in establishing and supporting cooperatives. In other cases oppositional parties representing returned refugees or displaced persons of an ethnic minority do the same.

Voluntary cooperatives, like the ones prescribed in today’s Bosnia-Herzegovina’s legislation, are more likely to function if there is

social capital around. Suffice it here to say that ‘social capital’, with Robert Putnam, refers to social organisation, such as «trust, norms, and networks» that can improve the efficiency of society by facilitating co-ordinated actions» (Putnam, 1993:167). ‘Social capital’ facilitates spontaneous co-operation because it increases the feeling of predictability. The opposite of this situation is ‘amoral familism’. The 2009 Human Development Report for Bosnia-Herzegovina organises its presentation around the concept of social capital, but unfortunately does not address the issue of cooperatives. Interestingly, the report notes that only 10 percent of Bosnian (and 65 percent of Swedish) respondents agreed that “Most people can be trusted”. Similarly, 87 percent in Bosnia-Herzegovina and 31 per cent in Sweden agreed that “You can not be too cautious when dealing with other people” (UNDP 2009:39).

All this means that it takes a lot of insight and caution for a foreign organisation to support or establish a cooperative in Bosnia-Herzegovina.

2.3 Kosovo

2.3.1 Agriculture in Kosovo

Agriculture contributes 25 percent to Kosovo’s GDP, employing 25-35 per cent of the work force. However, real figures are different since most of the agricultural activities are informal and not monetised. The official household survey, for instance, assess the total “agricultural population” in Kosovo to be 1.3 million people of around 2,1 million in all on the territory (Statistical Office of Kosovo 2007:15).

When FAO made its strategy for rural training in 2004, they based themselves on 60 per cent of the population engaged in agriculture in one way or another, but also 85 per cent of food produced in Kosovo being subsistence (for household consumption), i.e. not much agricultural products taken to the market for sale (FAO 2004). On average, a farm in Kosovo sells only 13.5 per cent of its agricultural output (Latruffe, Davidova & Desjoux 2008).

According to the Ministry of Agriculture Forestry and Rural Development (2009) the main bottlenecks in Kosovo's agricultural sector are the following:

- low level of efficiency and use of outdated farm technologies;
- small average farm size and fragmented agricultural production;
- low quality of agricultural produce;
- processing of agricultural products is fragmented, characterised by over-capacity and the need to improve quality, food safety and environmental requirements;
- low average rural household disposable income;
- over-dependence on agriculture as the main source of income in rural areas;
- future investments in agriculture will decrease employment/income opportunities in rural areas;
- low standard of living in rural areas, in terms of physical and social infrastructure;
- low level of education among farmers;
- ageing of the farming and rural population;
- intensification of agriculture will impact negatively on the environment;
- insufficient attention is being given to sustainable forest management;
- unregulated building on agricultural land; and
- lack of protection at the border against cheap imports.

Cooperatives. The MAFRD has a list of 143 cooperatives, but only ten cooperatives took part at the national conference on cooperatives organised by MAFRD, FAO and Norges Vel in 2010.

These are probably the ten cooperatives in Kosovo with some prospects of developing into real cooperatives. Six of them are results of the FAO programme mentioned above, one is supported by a Belgian NGO, one by the Turkish aid agency, one by a USA-based NGO, and one by Norges Vel.

Agriculture suffers from lower prestige, and the degree of trust in people beyond one's own kin (social capital) needed to uphold a cooperative is less prevalent among Albanian-speaking inhabitants in Kosovo than among inhabitants of other ex-Yugoslav areas (on the importance of social capital in Bosnia-Herzegovina, see UNDP 2009). Norges Vel's project documents explain people's reluctance to engage in cooperatives by their unwillingness to touch something that resembles the cooperatives of the Tito epoch. There might be some truth in this, but the underlying issue of lacking social capital should not be underestimated. That is a deep-seated phenomenon with origins long before Titoism.

3 Jæren Produktutvikling

3.1 Background and objectives

Jæren Produktutvikling (JP) is an inter-municipal foundation set up to facilitate business development in five south-west Norwegian municipalities. Since its establishment in 1992 JP has been involved in more than 3000 projects. The project reviewed here – “Food production and employment initiatives in Bosnia-Herzegovina” – and the other Western Balkans projects are by far the biggest among them.

Contacts with refugees from the 1992-1995 war in Bosnia-Herzegovina made JP venture into international activities. JP approached the Norwegian MFA with project ideas on rural development in the Western Balkans. In 1997 JP's first project activities in Bosnia-Herzegovina were initiated in cooperation with a local agricultural cooperative in Blagaj.

In the beginning JP worked closely together with the Norwegian People's Aid that was reconstructing houses in rural areas. People who were going to live in the houses needed jobs and it was believed that the fastest way of creating jobs would be in the agricultural sector.

In order to achieve the objectives JP has chosen to work through cooperatives. Individual cooperatives have been supported and an umbrella sales organisation – Agroneretva – has been set up. Agroneretva is 90 percent owned by JP and JP's partner cooperatives are part-owners. When JP pulls out ownership will be taken over by the cooperatives. The summer 2010 Agroneretva was finishing the construction of a new building, including a packing area for fruit and vegetables, in the outskirts of Mostar.

Since the beginning in 1997 several cooperatives have been invited in and a couple of them have left leaving the total number by the summer of 2010 at ten. In 1999 JP included Croatia and in 2002 Serbia in its work in the Western Balkans region.

Table 3.1 *Profile of the cooperatives involved in the project per July 2010*

Cooperative included in the cooperation in:	Name of the cooperative	Number of members	Number of employees
1997	*Blagaj	85	10
1998	PZ Bijelo Polje	240	2
1999	Dubrave - Domanovići	835	5
2001	Konjic Milk	150	3
2002	Sunce – Čapljina	166	10
2003	Agroplod – Čitluk	674	9
2004	Nevesinje	150	11
2005	Agropjapra	265	18
2006	Agro Una – Donje Vodičevo	131	6
2007	Bio Žandrak	85	2
2010	Hodbina	17	1

(Sources: Interviews and figures from JP)

* *Cooperative Blagaj no longer member*

An umbrella sales organisation – Agroneretva – has been set up to handle sorting, packing and sale (mainly export) of the cooperatives' products.

Most of the farmers are small, owning 1-10 ha each and two to five cows. Among today's members of the cooperatives a

significant number did not use to be full-time farmers before the war. They worked in the industry of public administration and took part on the farm work in evening and weekends.

The project aims at facilitating a livelihood for rural dwellers through competence building in the field of agricultural production, agricultural education, economic management, sale, distribution and export. The idea is to develop the existing primitive and unprofessional agriculture, which in many respects resemble subsistence farming, into a more knowledge-based and market oriented production. Without a stable segment of real farmers, either as members or contactors, the cooperative hardly will be able to develop sustainable agri-business.

JP considers itself to be in a good position to assist the development of agri-business in Bosnia-Herzegovina due to its knowledge of the market and its competence in business advising.

Training has been provided for cooperative managers and for individual farmers as well as young people at the agricultural department in a secondary school. Small credits to individual farmers are an important instrument applied by JP.

The stated objectives have gradually developed in line with the overall development of international support to Bosnia-Herzegovina from urgent and targeted assistance to returned refugees in an immediate post-conflict situation to a broader support to local agro-business development in a context of EU approximation. Inter-ethnic reconciliation has been an underlying objective throughout the project period.

JP has received substantial funds for its activities in Bosnia-Herzegovina, considerably more than the Sandnes-Dubrovnik group and Norges Vel. Substantial funds have been assigned for technical infrastructure and machinery. Several micro-enterprises under the cooperatives have been equipped thanks to the support.

3.2 Project implementation

JP's activities are twofold. Firstly, the organisation assists its funding municipalities facilitate business establishment, secondly it runs projects abroad, i.e. in the Western Balkans. Today, JP in

Norway has two permanent employees, and one administrative director hired on a 20 per cent basis. Until 2009 JP's administrative director worked on a full-time basis. Half of the director's and staff's working hours are dedicated to local business establishment, the other half on the projects in the Western Balkans.

JP's administrative director is chief responsible for the activities in Bosnia-Herzegovina, and makes the decisions on how money is spent within the framework of the agreements with the MFA.

Until 2009, JP had one person in its headquarters in Bryne, Norway, working only with the project in Bosnia-Herzegovina in addition to the project manager in Mostar, Bosnia-Herzegovina.

The day-to-day activities in Bosnia-Herzegovina are run by JP's project leader from JP's office in Mostar. He is responsible for the planning, organisation and implementation of projects in Bosnia-Herzegovina as well as budget, strategy, market plans. The project leader follows up the finances and supervises the use of credits.

He is working together with Agroneretva's two employees. Their salaries are covered by the incomes from sale (75 per cent) and jobs they do for JP, like HACCP training, translation and market analysis.

Partner cooperatives

JP's main partner cooperatives are (name – locality):

- Bijelo Polje – Bijelo Polje
- Dubrave - Domanovići
- Konjic Milk – Konjic
- Sunce – Čapljina
- Agroplod – Čitluk
- Bio Žandrak – Šamac
- Nevesinje - Nevesinje
- Agrojapra – Japra Valley
- Agro Una – Donje Vodičevo
- Hodbina - Hodbina

Partner, course centres. The course centre in Konjic is a partner. The training centre in Novi Grad will be a partner when it gets operative again.

The Cooperative Council. The participating cooperatives have established a Cooperative Council. The members of the council are all directors and chairmen of the board of the member cooperatives as well as the JP administrative director and the JP project leader. The council is supposed to meet once every month to discuss issue of importance for the member cooperatives, like procurement of seed and fertilisers, sale of products, payback of credits and budgets.

Formally, Agroneretva was established by the Cooperative Council and the Cooperative Council acts as Agroneretva's Board, although until mid-1010 only the two founding cooperatives from 2002 stood as owners of the firm. The Board is supposed to meet regularly to discuss issues like export to Norway and other countries, sale on the local market, cooperation with supermarket chains.

Formally, all communication, agreements and contracts with buyers, like Coop Norway, is made with Agroneretva, not JP.

3.3 Programme theory and project activities

3.3.1 Programme theory

Based on project applications and reports as well as interviews this sub-chapter will reconstruct the intervention logic or programme theory of JP's project. Although at times presented in a somewhat chaotic way, the programme theory is simple and logical:

The basic programme theory: By stimulating cooperatives through – among others – the establishment of a commercialisation firm, farmers will have stable and decent buyers. Cooperatives will resell farmers' products as raw materials or processed food in large enough quantities to make farming economically viable.

Bringing farmers together in cooperatives they will have stable and decent buyers that resell their products either as raw materials or as food in large enough quantities to make it economically viable.

The target groups are:

1. established farmers in areas where the project activities take place
2. returned refugees and refugees living in Norway willing to return
3. former industrial workers now unemployed
4. students and teachers at two secondary schools (agricultural vocational training)

In addition to the cooperative element the project has had a training component consisting in overcoming the backwardness among farmers through education and machine rings. Although being clear-cut and logical the programme theory is vulnerable to a set of critical factors that we will come back to later in this sub-chapter.

In addition, there is a fundamental lack of clarity in the project documents as to whether it is JP that “sets up” cooperatives or the members and management themselves. The documents are rife with examples of formulations like “JP has built up six cooperatives”. *This lack of clarity is problematic as there is a huge difference between carrying out processes on behalf of target groups on one hand and supporting on-going processes run by target groups themselves on the other.* We will follow up on this issue below.

The table below shows the intervention logic of each of the JP project’s main components:

Table 3.2 *Components in JP’s programme theory*

Input →	Output →	Immediate outcome →	Secondary outcome →	Impact →
Machinery to the cooperatives	Machinery installed	Machinery processing agricultural raw materials for sale (critical factor: market)	Farmers have a stable buyer (owned by themselves)	
Revolving operating credits to	Credits taken by farmers	Credits allowing farmers to buy	Farmers producing for sale (critical	

Input →	Output →	Immediate outcome →	Secondary outcome →	Impact →
farmers		seed, fertiliser, and equipment (critical factor: money spent on production, not consumption; repayment)	factors: are products marketable?)	“Safe future for rural families”
Market training of cooperative managers	Cooperative staff having attended courses	Cooperative staff making use of new skills and insights	Cooperative better at the market	
Guidance to the farmers	Farmers taking part in training	Farmers making use of new skills and knowledge	Farmers producing raw materials (milk, potatoes etc) more efficiently; steps taken from subsistence to professional farming	
Two course centres	Farmers, students, teachers taking part in training	Trained people use of new skills and knowledge; young people recruited to knowledge-based farming	Steps taken from subsistence to professional farming	
Establishing umbrella organisation, Agroneretva	Cooperatives members of Agroneretva	Marketing of quanta large enough to attract big buyers	Big quantities sold and farmers having stable incomes	
Help cooperatives finding buyers and increase	Contracts signed	Substantial quanta of products (apples,	Farmers getting (stable) incomes	

Input →	Output →	Immediate outcome →	Secondary outcome →	Impact →
domestic sale/ foreign exports		potatoes) sold/exported (critical factor: Dependence upon JP in Norway)		
HACCP training and investments	HACCP licence	Cooperative accepted by buyers as a potential supplier	Cooperative exporting or selling to large supermarket chains	

Alternatively, the programme theory could be stylised like this:

Table 3.3 *Independent and dependent variables within the JP project*

Independent variables focused on	Independent variable influenced by:	Dependent variable	
Capacities of farmers	Training	Marketability of agro-products and sale of agro-products (domestic and export)	Strong agro-business from which a sizeable part of rural population lives
Recruitment of skilled farmers	Course centre (s)		
Standard of infrastructure	Investments into equipment		
Level of marketing	Establishment of Agroneretva; training of cooperative managers direct assistance from JP in Norway		
Farmers' investments	Small credits		
Licences	HACCP		

3.3.2 Activities

Rental stations/Machine rings. As farmers are small and poor JP intended to help set up machine rings as a cost-efficient way of improving farming.

Help cooperatives finding buyers and increase domestic sale/foreign exports. Here two main mechanisms have been used, the establishment of a commercialisation firm or sales organisation (Neretva) and direct assistance from JP in Norway.

Establishment of common sales organisation. In order to structure the sale and increase the volume, a commercialisation firm was set up, Agroneretva. It is 90 per cent owned by JP, the remaining ten percent by the member cooperatives. The ambition is to make this a commercial firm owned by the cooperatives. Agroneretva has two employees, one of them mainly working with HACCP issues.

Course centres. Two course centres were planned, one in Konjic and one in Novi Grad. The purpose has been to offer adult education for farmers and to recruit young people to farming.

Capacity-building among farmers. JP itself does not transfer knowledge to the cooperatives. Their meetings with the cooperatives consist in planning and summing up project activities. In order to help farmers produce more efficiently, JP hires agronomic expertise from Bosnia-Herzegovina and Norway. Since 1999, JP has cooperated with the Norwegian Agricultural Extension Services with a specific focus on potato production.

Training of cooperative managers. JP has hired a lecturer from a local, Jæren-based consultancy firm, Norsk Selgerutvikling (literally: Norwegian Salesperson Development) to train managers of cooperatives. This firm runs five different courses with the cooperatives on issues like strategy development, market plans, setting objectives, budgeting.

Some local expertise has been used for training, among them a Mostar-based professor on partnership and company law.

Credits. Cooperatives as well as individual farmers need investments, and the lack of affordable credits is a bottleneck. Therefore, JP set up a micro credit scheme. The model chosen was maximally decentralised with one credit association in each of the

partner cooperatives interested to join. All partner cooperatives have got credits. This was a bold choice given the conflict potential inherent in having co-villagers enforcing collection of debts. Moreover, people were unacquainted with the idea of having to pay back what they perceived as donations (More on this under Risk).

HACCP. In order to meet formal quality demands of large supermarket chains and potential foreign buyers, having a HACCP licence is a minimum requirement. Norwegian COOP made HACCP a requirement to buy potatoes from Agroneretva. Therefore, JP has made preparations for HACCP a core project activity with one employee working full-time on the issue. Also investments needed to meet the HACCP standards have been covered through JP. These usually amount to 50-60,000 NOK per cooperative. In practice, also other licences will be required if Agroneretva succeeds in their efforts to find buyers abroad. For instance, apples would have to be bio certified.

3.4 Results and attribution

Rental stations/Machine rings. The project component on machine rings, that would have been a cost-efficient way of improving farming, has been abandoned as a result of poor and/or negative response on the part of the farmers. Cooperation problems were considered to be too big to continue pushing the issue of machine rings. This is in line with JP's focus on facilitating sale rather than going in-depth on farmers' cooperation.

Help cooperatives finding buyers and increase domestic sale/foreign exports. Agroneretva as a sales organisation has been established. Agroneretva has built brand new premises for storage of fruit and vegetables.

JP has been able to arrange export to Coop Norway of early varieties of potatoes to the Norwegian market. The potatoes are packed in small bags marked Agroneretva Bosnia-Herzegovina at a packing area in Jæren. The capacity is 1600-2000 tons of potatoes per year. Norway Coop could have taken more, but JP/Agroneretva's capacity is too low to reach higher volumes.

The cooperatives currently in Agroneretva have a capacity of 1600-2000 tons of potatoes per year. In 2009, 20 tons gala apples were exported to Coop Norway under the Agroneretva brand.

As the figures below indicate, Agroneretva as a firm has gradually developed and has stabilised its volume. The largest part of its production goes for export. The types of products have gradually been widened from one to five, which may be problematic from a commercialisation point of view. Agroneretva has already had problems delivering the quantities of export potatoes Coop Norway has been ready to pay.

Table 3.4 *Development of Agroneretva*

<i>Year</i>	<i>Turnover (in 1000 NOK)</i>	<i>Products</i>	<i>Export (in pct)</i>	<i>Profit (in NOK)</i>
2003	68	Potatoes	100	10,175
2004	1,292	Potatoes, fruits, vegetables	90	180,000
2005	1,556	Potatoes, fruits, vegetables	85	280,060
2006	2,149	Potatoes, fruits, vegetables	75	408,230
2007	1,750	Potatoes, fruits, vegetables, oil	90	350,000
2008	2,205	Potatoes, fruits, vegetables, oil, liquor	80	441,000
2009	1,710	Potatoes, fruits, vegetables, oil, liquor	80	342,000

(Source: Agroneretva)

Coop Norway wants to buy potatoes from Agroneretva in 2011 as well, and 200 tonnes apples for the winter 2010/2011. In 2010 Agroneretva delivered a test shipment of nectarines and peaches that made Coop Norway say it would like a larger delivery of these fruits next year.

Contacts have been established with potential buyers in Austria (pomegranate and pumpkin seeds) and with a Slovenian

supermarket chain establishing itself in Bosnia-Herzegovina (fruits and vegetable from Agroneretva's new cold store).

Course centres. In all, the two course centres have arranged trainings for 1800 participants in 130 courses.

Due to personnel shifts the course centre in Novi Grad (also called Bosanski Novi), that operated early 2008 had to move from town to new localities in Agro Japra, but is not operative yet.

The course centre in Konjic is located in the upper secondary (srednja) school that has an agricultural line of study divided into agricultural machinery and food production.

Through the course centre in Konjic Agroneretva issues a newsletter – Agrolist – on animal husbandry and crop production once a month in 1000 copies. It has issued a textbook on farming for beginners. Courses have been held on issues like hygiene, fodder, when and how to cut hay, animal health etc. Some of the advice given has been difficult to follow up by the farmers due to lack of money. The course centre draws on its cooperation with the Norwegian Agricultural Extension Services, Jæren regional branch. The centre claims 1,700 people have been reached by their activities.

JP wants to draw on Norwegian experiences. JP's work with course centre involved strong element of "twinning". As a part of the project the school in Konjic where the course centre is located has close cooperation with schools in Norway.

The two Norwegian upper secondary schools (11-13th year of education) of Time and Øksnevad have exchanged teachers and students with their homologue in Konjic. Øksnevad provided inputs to the mid-2000 reform of agricultural education in Bosnia-Herzegovina. While visiting Norway Bosnia-Herzegovinian students have had work placement at Norwegian farms

Training of cooperative managers. Norsk Selgerutvikling has carried out trainings for 10 cooperatives in 1999-2000 and then 2003-2009. Also private firms were among those trained. In all, 108 individuals took part, some in more than one training.

Cooperative directors report they have learnt how to boil plans and strategies down to a few points on one sheet of paper in stead

of long, detailed explanations. The Norwegian trainer at the seminars stresses the importance of not developing new products without a prior market analysis, which the directors tell is a useful reminder, but not breaking news. Some respondents told the training was too general and text-book like, which made the lessons poorly adaptable to BiH realities.

The market-orientation among the viable cooperatives seems to happen very much irrespective of JP' project. The more successful among the member cooperatives in Agroneretva have many buyers, and do not rely on Agroneretva and Coop Norway. The Dubrave cooperative outside Mostar, for instance, sells its products to customers in Croatia and Russia.

When entering into trade with big supermarket chains the cooperatives are confronted with customers who make strict demands on quality. For instance, the big French-owned dairy firm in Kozarska Dubica has made quality demand on milk from the Agro Japra cooperative. Demands were so strict that 30 of Agro Japra's 265 members gave up and left the cooperative. Such market demands help speed up the process of sorting out those farmers who are in it for subsistence and those who intend to make incomes. Right timing is a key factor in developmental assistance. As big buyers are getting serious about quality standards, farmers realise that there is no way to avoid meeting the demands. Therefore, they may go to trainings and seminars to become more efficient farmers and no longer merely because there might be some direct material benefits to be had from participation (like e.g. easier access to credits or equipment).

For successful cooperatives, like Dubrave, Sunce, Agrojapra and Agro Una the credits and training offered through JP have been useful, but not what made them meet market demands.

Belonging to the JP's circle of cooperatives has not been a guarantee against failure. The agricultural cooperative Konjic Milk is a case in point. For all practical purposes the cooperative was set up by JP. Land, buildings, machinery, equipment and vehicles are bought by JP. Today the dairy is only producing symbolic quantities of local cheese in lamb skin. The majority of the members have left. Of the 350 member at the beginning only 150 are left according to official figures that probably are optimistic. Konjic Milk has been a victim of general problems in the dairy

sector, but JP's role in making the cooperative viable is unclear. JP's services are primarily useful for cooperatives that function well. The organisation seems less capable of rendering support to cooperatives in need of basic assistance.

Credits

In all, 1432 farmers have taken long credits (up to 5 years) whereas 930 farmers have got short credits.

As the table below shows, sums are sizeable. Cooperatives took credits to build plastic houses and green houses (Sunce), buildings and machines plus for operating capital (Dubrave), orchards, vineyards, watering system (Bijelo Polje), equipment and machines for the production of local grappa and grape wine (Agroplod), packing area (Agro Una), rental station (Agrojapra), operating capital and seed potatoes (Nevesinje).

The review team visited a number of farmers who had taken loans, some of them among the most successful farmers in the cooperatives. The credits were used to invest in cattle, orchards, beekeeping equipment and machinery. The loans have been useful for the farmers benefitting, but have not led to qualitative improvement of any significance. Given the large sums involved one could have expected more visible effects at the farms.

Table 3.5 *Credits given per July 2010 (in KM)*

Cooperative	Credits means	Loans to members	Loans to cooperatives	Disposable
Agroplod	1 355 370,00	718 410,00	636 960,00	0,00
Čapljina	1 007 930,00	322 670,00	305 260,00	380 000,00
Agrojapra	1 269 180,00	581 180,00	481 000,00	207 000,00
Bijelo Polje	640 883,00	0,00	557 300,00	83 583,00
Nevesinje	934 090,00	548 070,00	356 020,00	30 000,00
Konjic Milk	226 640,00	23 000,00	203 640,00	0,00
Dubrave Prenj	588 417,00	365 469,00	222 948,00	0,00
Agro Una	461 530,00	334 313,00	92 217,00	35 000,00
Sum	6 484 040,00	2 893 112,00	2 855 345,00	735 583,00

HACCP. All the eight involved cooperatives have got this certification as a result of JP's project.

Ethnic reconciliation

JP seems to have a genuinely multi-ethnic, all-Bosnian approach. It operates in areas with an ethnically mixed population with elements of returned refugees. Having its origins in the early reconstruction phase JP has been loyal to the ideal of ethnic reconciliation. The members of the cooperatives with which JP works have an ethnic background following roughly the general distribution of ethnic groups in their home localities. Unlike SSD, JP operates with similar activities on both sides of the entity borders.

Table 3.6 *Ethnic composition in the cooperatives per 2010 (in pct)*

Cooperative	Serbs	Croats	Bos- niaks	Others	<i>In all</i>
Bijelo Polje	30	25	45	0	100
Dubrave - Domanovići	25	30	45	0	100
Konjic Milk	27.5	1.5	71	0	100
Sunce – Čapljina	1	70	29	0	100
Agroplod – Čitluk	0	99.5	0.5	0	100
Nevesinje	92	3	5	0	100
Agropjapra – Japra Valley	68.6	0.4	31	0	100
Agrouna – Donje Vodičevo	98.5	1.5	0	0	100
Bio Žandrak	63	31	6	0	100

3.5 Risk management

JP has been confronted with two types of risk factors, some directly related to the inner operation of the project, and some related to the project's ability to cause change in a wider context.

Irregular takeover of property. While working with the formalities related to the construction of JP's new plant in Mostar during the summer of 2010, JP's present administrative director discovered that Agroneretva was owned by two of the cooperatives, not all JP's partners and JP as presupposed. From the outset in 2002, the Cooperative Council had accepted a solution where the two founding cooperatives of Dubrave and Bijelo Polje owned 50 percent each.

Large sums of money were involved. Agroneretva received 2.6 million NOK in 2009/2010 to by land, for buildings, cold storage and packing line. Having only two of the cooperatives as formal owners, owning 100 per cent of the firm constituted a potential risk of take over. *It should be noted that the evaluator has not come across any evidence that suggests that the two cooperatives actually had intentions of taking over.*

The director took action immediately and made Agroneretva establish an ownership structure in line with the original intentions. Now all cooperatives own one per cent each. JP owns the rest. As new cooperatives become HACCP licensed and would like to sell their products through Agroneretva they will be offered an ownership share on a par with other cooperatives in the firm.

In this case, poor project administration and lack of communication between Mostar and Bryne led to a potential risk of irregular takeover of properties, but the whole situation was a result of more fundamental problems related to project implementation in Bosnia-Herzegovina. If we take a look at *why* the two-owner model was chosen, we find that JP had to beg cooperatives to join Agroneretva in 2002. Agroneretva had to be registered as a shareholding company, but cooperatives were not willing to contribute with basic capital. The two cooperatives of Dubrave and Bijelo Polje accepted to be founders and owners on the condition that JP covers their contribution to the basic capital. The capital base was negligible, around 100,000 NOK. In other words, at the outset Agroneretva was a donor-driven operation that target groups treated with reservation.

Credit takers not paying back. The credit lines have caused serious problems. Many credit takers did not pay, and in all 77 cases have been taken to court. Moreover, the cooperatives used the funds for investments, and by 2009 little was left for the credit associations

of which only four were still operating. This practice was discovered by the current administrative director. It was not illegal, but not in line with the intentions and required an explicit payback plan, which all cooperatives provided later. For this purpose new agreements have been set up according to which the sums will have to be paid back in five years, the first year interest-only, and an interest rate at five per cent. The credit, amounting to 6,484.040 KM, is intact.

JP had a Norwegian consultancy firm write a report on the credit lines (Soon Consulting 2009). One of the firm's recommendations was to set up one saving and credit association instead of one in each of the cooperatives. JP's ambition is to follow up Soon Consulting's advice.

Credits used for purposes not conducive to the project objectives. In all 15 million NOK is in the credit line, and it is important that funds are used for purposes that strengthen the borrowers' capacities to live from farming. Ideally the funds would be used solely for seed, fertilisers and other items needed to start up in the spring, i.e. loans that could be repaid after harvest. The credit associations in each cooperative are allowed to lend money for other purposes, but then a repayment plan would be required. After several years of conflict, cases taken to court, and a consultancy report made, routines have been made more rigorous. Now there is only one credit line.

Failure in meeting market demands. The sums spent on constructing new production facilities and setting up new machinery are considerable. JP's activities in Bosnia-Herzegovina have focused very much on construction. The cooperatives that have benefitted from getting new premises and machinery differ as to what emphasis they put on sales of what they produce. The worst case scenario is that the micro-enterprises will lie idle. The Mostar office has been in need of support from the JP head quarter in Bryne on market issues. The fact that JP had a shift in personnel led to less follow-up for a period. Today, the Mostar office and Agroneretva is followed up on marketing the products of the member cooperatives. The assistance rendered consists mainly in finding concrete buyers.

Investments not being used for the intended purposes. The activities have to a large extent consisted in investments in production facilities and buildings. Ownership issues are critical.

Decisions taken that are not economically the most favourable. In the Western Balkans there may be expectations that suppliers and contractors are chosen on other than pure economic grounds due to cronyism. Such expectations flourish in Bosnia-Herzegovina. In order to reduce the pressure on the Mostar-based project leader, final decisions are formally made by JP's administrative director.

Inability to link up with ongoing developments within agro-business in Bosnia-Herzegovina. The links to the agricultural authorities in Bosnia-Herzegovina are not very tight although there have been contacts. In JP's defence it could be mentioned that getting a grasp of Bosnia-Herzegovina's agricultural authorities is not easy as there is no Ministry of Agriculture at state level, or in the federation. Only RS has a ministry.

Neither have links to other agro-developmental processes, e.g. international projects, in Bosnia-Herzegovina been developed. The fact that JP operates autonomously from policy processes in Bosnia-Herzegovina has, among others to do with the organisation's focus on the needs of the firm it has set up, Agroneretva.

The links to the Union of Cooperatives, however, are good. The potential of dissemination through the Union is good. Experiences from setting up a commercialisation firm as an umbrella of cooperatives are of use for cooperatives who would like to replicate the idea. Agroneretva and JP have a good overview of cooperatives in both entities of the country among others as a result of systematic visits lately. This extension of the geographical range of operation is motivated by the need to increase the volume of products for sale.

3.6 Cost effectiveness

Given the fact that JP has received considerable funds – more than 80 million NOK – to carry out its activities during a period of 13 years means that there is reason to expect not only results, but professional, experienced project implementation.

Table 3.7 *JP's projects in Bosnia-Herzegovina, total amount*

Project number	Project name	Total amount (in 1000 NOK)
BHZ-02/003	Food production and employment initiative	25,000
BHZ-08/037	Agricultural development	2,265
BHZ-09/006	Pre-study financial tools	250
BHZ-09/012	Pre-study research ring	280
BHZ-09/020	Private sector development and agricultural project	4,700
YUG-00/041	Jæren Produktutvikling	30,300
YUG-99/041	Food production and employment in BiH	18,000
<i>SUM</i>		<i>80,795</i>

From the review of JP's activities above, we saw that there are results, but merely on output level. Considerable infrastructural improvement and modernisation have taken place in JP's partner cooperatives. The concrete outputs seem to have been reached in an efficient way. The installation of machines and equipment has been carried out efficiently.

Despite this, it is still not possible to conclude that the activities have had any wider effects – or outcomes. The project has not strengthened agriculture or agri-business significantly beyond target groups in JP's most successful partner cooperatives, cooperatives that might have been successful even without JP's projects. The project has not managed to unleash dynamics in the cooperatives that tend to look upon Agroneretva as yet another project with little relevance for business apart from the direct material benefits it might convey. In other words, the achievements are not consistent with the resources made available.

It should be noted that administrative costs have been reduced lately. Until 2008 JP had one person in the JP HQ in Bryne working full-time on Bosnia-Herzegovina in addition to the project leader based in Mostar. Given the large sums involved, the number of administrative staff is not extravagant.

All transactions are being audited on a regular basis. JP's auditor in Bosnia-Herzegovina goes through all transactions and checks

whether the farmers get what they are entitled to according to the project plans. For all purchases over 200 000 NOK there are three renderers.

Two signatures are required for expenditures, from the administrative director and the project leader respectively.

The cost-efficiency of setting up a country-wide network of cooperatives to supply Agroneretva, need further analysis. Crossing the entity “borders” is very good from a political point of view, and economically viable, like in the case of Nevesinje in Eastern RS. But choosing cooperatives very far from Mostar, like in Novi Grad or Šamac is probably not economically rational giving poor roads and rail.

3.7 Sustainability

So far, JP has not had an exit strategy. The planned next phase of the project includes preparations for exit.

The issue of sustainability is particularly pertinent in the case of JP’s activities since the project when finalised leaves behind production installations worth considerable sums. Sustainability is achieved if after the Norwegian financial support has been ended a) the equipment is being used to produce food that is in demand on the market, b) the food is sold to the market on ordinary commercial conditions and c) all this makes it possible for the farmers supplying the raw materials (milk, potatoes etc) to make a living out of it.

The critical factor for sustainability now is the marketability of the products and the volume of the production. JP is stressing this latter point mainly in the case of potato and fruit production. For potatoes 6000 hectares are at hand, but JP holds 20 000 ha to be needed for the cooperatives to have a satisfactory cash-flow. The planned next phase of the project aims at including 20 more cooperatives in order to increase the volume of the products.

In close cooperation with the Cooperative Union of Bosnia-Herzegovina, JP has “toured” the two entities of the country to find promising cooperatives to invite in the next project phase.

Unlike the SSD project, JP is mainly oriented to export. Following up work with foreign buyers and potential buyers, however, requires skills beyond those found in the staff of Agroneretva and the local JP office in Mostar. Most of the work related to potential buyers in Switzerland and Austria has been done by JP's administrative director. According to JP and Agroneretva this was due to visa problems. Nonetheless, although the establishment of Agroneretva was a step to achieve sustainability, it has failed to happen. There is also reason to ask whether the cooperatives served by Agroneretva would be able to finance the organisation without Norwegian assistance.

The sale of potatoes to Coop Norway is very vulnerable. It started out as a kind of aid or solidarity project but is not likely to survive for long as a commercial undertaking without major improvements from Agroneretva's side. The quality of the potatoes delivered is below standards. Potatoes arrive in Norway still with soil on them, in different sizes and often green from having been grown under a too thin layer of soil. JP expects Agroneretva's new packing area to solve some of these problems. Also the transport routines are unprofessional and cause extra work for the packing enterprise and Coop Norway. It is, however, Coop that is in charge of transport issues.

The fact that Agroneretva entered into a contact with Slovenian supermarket chain Mercator late 2010 is a positive sign. Agroneretva is going to deliver to eleven shops between Mostar and Sarajevo. Mercator is going to buy in all 23 fruit and vegetable products that will be packed in Agroneretva's new packing line.

3.8 Synergy, coordination and complementarity

The cooperatives involved with JP have received assistance from a variety of international organisations, like the USAID lamp programme, Organisation of the Islamic Conference, the Lutheran World Federation, United Methodist Committee on Relief and others. Several cooperatives have received training from other NGO's.

JP is a very autonomous and “Norwegian” actor locally. It has had little cooperation with other NGO’s operating in the region, and in earlier periods the Mostar staff was discouraged from the head quarter in Bryne from entering into cooperation with other donors or NGO’s . For instance, JP has no coordination with GTZ International Services that carries out a project very similar to JP’s project with the Mostar area as one of its foci.

The Mostar staff has not been able to link up with broader agricultural processes in Bosnia-Herzegovina, and probably will not be.

JP has a good relationship with the Cooperative Association of Bosnia and Herzegovina with head quarters in Sarajevo.

3.9 Conclusion

The JP project has been long-term. This means it has been operative during the various phases of international assistance to the Bosnia-Herzegovina and Western Balkans, from immediate reconstruction and support to post-war reconciliation and refugee return to the current period of support to economic development and harmonisation with European standards.

JP was a promising actor in the immediate post-war period channelling resources to farmers and cooperatives in the Mostar region. In all, 81 million NOK has been channelled through JP to cooperatives and farmers in the Mostar area. This makes JP the by large biggest recipients of project funds among the three organisations reviewed in this report.

JP’s activities have contributed to the establishment and re-establishment of cooperatives in the areas around Mostar in Herzegovina and in one municipality in Northern Bosnia. Not all these cooperatives are viable, though, despite extensive support in building them up. JP has been stronger on helping set up infrastructure, than assisting cooperatives operate on the market, but nonetheless more focused on helping cooperatives marketise than building capacities of individual farmers.

Individual farmers have benefitted from cheap credits, but there has been done no systematic follow up of what funds have been used for.

JP suffers from unclear definitions of its role. It tends to portray the cooperatives as having been made by JP. In some cases this is true, like for Konjic Milk and to some extent for Agroplod that was re-profiled from tobacco to spirits thanks to JP. In most cases, however, JP's contribution has been merely supportive of cooperatives that live their own life. This latter category of JP partners is by far the most successful (Agro Japra, Dubrave, Sunce).

JP has retained some of the approaches that might have been appropriate for pragmatic reasons in the second half of the 1990's, like carrying out tasks that normally would be taken care of by target groups themselves. This, and JP's continuous focus on construction and provision of machinery makes it vulnerable to accusations of anachronism.

Today, the challenge in Bosnia-Herzegovina is no longer survival and reconstruction, but development and EU adaptation. On a conceptual basis JP has been able to adapt to the new situation by sharpening its profile as a facilitator of sale, in particular export, from the cooperatives with which it works.

A separate organisation, Agroneretva, has been set up for the purpose of helping cooperatives sell their products. The problem is that so far normal, commercial export has not taken place to a large extent. Besides, the buyers have had to turn a semi-blind eye on poor quality and poor transport of the imported fruits and vegetables, requiring additional sorting in Norway before transport to grocery shops. The activities still show clear signs of being a "project", rather than business. At the same time individual cooperatives in the Mostar area, including members of Agroneretva, have been able to establish trade with – and meet the quality requirements of – large supermarkets and foreign buyers.

As seen from the point of view of the target groups Agroneretva is a confusing mix of project and business. If Agroneretva is going to survive as a relevant organisation JP must start the exit process immediately. During this period Agroneretva must be taken over by its member cooperatives as a purely commercial, yet

cooperative, enterprise and cease being a project organisation. The expertise on sales in the organisation must be strengthened.

The developmental function of Agroneretva in the exit phase should be confined to serving as a model commercialisation firm for other interested cooperatives to emulate, preferably in cooperation with the Union of Cooperatives or other nation-wide organisation.

Just like SSD, JP has experienced the problems of running credit lines through local credit associations that dispose of funds they have been given. Outstanding defaults on loans have been commonplace. The conclusion in both cases is that credit lines should only be set up within professional frameworks.

The episode related to ownership of Agroneretva (presented under Risks above) brings some of the JP project's weaknesses to the fore. First, it illustrates that the JP office in Mostar has lacked insight in basic aspects of its activity. Moreover, the episode shows that, at least in some periods, the JP HQ in Bryne has failed to supervise the formal aspects of the activities in Bosnia-Herzegovina, like ownership of major investments. Finally, the episode illustrates the sad fact that most JP's partner cooperatives either are not able to grasp basic formal aspects of their activities, or equally problematic, do not care. In the latter case the reason for being disinterested is that Agroneretva is perceived as "project", not real business.

The project has been conducive to the production capacity of the cooperatives. The assistance in getting a HACCP licence has been useful in reaching one of the minimum criteria for entering the serious segment of the market, export and supermarket chains. When it come to meeting the market requirements for regular deliveries and stable quality, the demands made by commercial buyers seem to be the main factor, not project work. In other words, the JP project's effect on the cooperatives' capacities to operate in a market is less evident.

The project has been of help for the targeted cooperatives, which is not surprising giving the amount of funds spent since 1997. On the other hand, the project has not contributed significantly to systemic change making more people able to live from agriculture or people able to live better from agriculture, which is the overall

objective of the project. Even in the cases where farmers are members of cooperatives with a market, there are numerous examples that farmers prefer to sell their products in smaller quantities ad hoc for somewhat higher prices than supplying the cooperatives regularly in larger quantities for lower prices.

The project's intervention logic of stimulating cooperatives with the expectation that this in turn would boost interest in agriculture among the rural population belonging to the cooperatives was a plausible one. Unfortunately, it did materialise only partially. Most of the farmers remain small, keeping farming as one among several income sources along with earned income and seasonal work. In interviews even recipients of credits through the project hesitate to classify what they do at the farm as "work".

Setting up all the machinery and equipment has been a challenging task that has required a certain concentration of the project holders' attention on practicalities related to production. The pivotal issue of marketability has been put somewhat in the shade. Lately, the issue has been taken up mainly by JP's Norwegian office that has sought out some potential buyers. However, Agroneretva itself needs to become more oriented towards sale, and the upcoming exit phase should be used for this purpose. It is nonetheless worth reminding of the fact that the final objective of the project has been a "safe future for rural families". Sale, in this respect, has been an intermediate objective (an "outcome") in the programme theory not an objective in itself. On the other hand, sale is most likely a necessary precondition for agricultural activities to lead to improved living standards for rural households. If their products are not marketed or marketable, they would probably have been better off with a project that helped them get job in the remaining industry or in the service sector.

4 Sandnes-Dubrovnik Group

4.1 Background and objectives

The Foundation Sandnes-Dubrovnik (SSD) was established in 1994 with a mission to assist reconstruction, business development and competence-building in the former Yugoslavia. The municipality of Sandnes started its activities in the region in 1992 as emergency aid to the Croatian town of Dubrovnik. The initiative was taken by Mr. Kåre Inge Olsen, a school head master and local councillor who is still a member of the SSD Board. The initiative received support across party lines and among local organisations in Sandnes. SSD has been able to draw on distinguished representatives of business and trade unions, people in a position to raise extra resources. The total amount of locally collected donations by SSD (equipment and building materials) amounts to a total 8.152.000, of which 3,537.000 before 2003 and 4,615.000 in the period 2004 to 2009.

The local enthusiasm has made SSD initiate project activities that have little to do with agriculture, and that usually are run by other types of institutions. This has been the case in the youth parliament project where 9 municipalities have set up this kind of consultative body. A project on safety and rescue involving among others Norwegian police, fire brigades and civil defence has been carried out.

In 1997, advised by the Norwegian MFA, SSD moved its attention to Bosnia-Herzegovina which at the time was in need of assistance to, among others, reconstruct houses. SSD's local partner since 1998 – the consultancy firm Reconsult – had a background from the International Management Group and combined a very good

understanding of international project work *and* the working of Bosnia-Herzegovina's own political and administrative system.

A former lieutenant-colonel and business-man, Odd Berg, has been an energetic and profiled leader of the SSD since the beginning.

Between 1998 and 2001 SSD concentrated its activity on reconstructing the Kostreš village and make the village sustainable economically, and as houses got repaired activities gradually shifted to training the farmers. In 2004, SSD started to work with the agricultural cooperative in Derventa, and in 2005 a cooperative in neighbouring Brod was included.

SSD made use of its experience from cooperating with the municipal authorities of Derventa, in which Kostreš is situated, and gradually widened its scope to include other municipalities as well. As of today, SSD has entered into contact with 17 municipalities, some of them so far only preliminarily. In some of the municipalities there are viable or promising cooperatives to work with. In municipalities without cooperatives, SSD works only with individual farmers.

All of the cooperating municipalities are situated in the Northern part of Republika Srpska, with the exemption of some of SSD's school donation activities into which also municipalities in the Una-Sana canton of the Federation were included.

The differences in SSD's profile on one hand and that of its Bosnian partner on the other have resulted in a project that looks quite different depending on where the observer is situated. In Sandnes, the project may appear as a people-to-people activity, among others because the SSD project has generated "side projects", like one small exchange programme for rural youth that lasted for two years and was run by the Norwegian Agricultural Extension Service (Norsk Landbruksrådgivning). In Bosnia-Herzegovina itself the SSD project's profile is agricultural and developmental in line with the official objectives.

SSD and its local partner, Reconsult, chose to concentrate geographically in the so-called Kostreš project. Until 2002 SSD worked only with one village, Kostreš, situated on top of a hill in the North Bosnian municipality of Derventa in the RS (project

name. “Rebuilding of Kostreš, Republika Srpska). As a consequence of its strategic location the village was almost totally damaged during the war, which in this part of Bosnia was fought between Croat and Serb units.

Later, in 2003, SSD and Reconsult decided to make use of the experiences from working with Kostreš in other locations. Instead of working with individual villages they chose to work with municipalities starting out with the municipality of Derventa in which Kostreš is situated, and with the neighbouring municipalities of Brod and Srbac.

4.2 Project implementation

Formally, SSD’s two local partners are Kostreš Foundation and Reconsult, but Kostreš Foundation comes closer to a target organisation or recipient whereas Reconsult has been the de facto implementer of the project. SSD’s main function has been to raise the resources (grants from Norad and later MFA plus collection of donations from Sandnes) and to arrange transfer of knowledge and skills from local Jæren-based specialist environments. Once a year, in October, SSD and Reconsult meet to plan next year’s activities and proposals.

SSD. The SSD board members represent a broad range of local organisations and businesses in Sandnes. In addition a group of Jæren-based advisors contribute on issues pertaining to agronomy, agriculture and engineering.

The activities are based on voluntary work which to a large extent is possible thanks to the fact that most involved people are retired or semi-retired.

The chairman of SSD’s Board has executive powers regarding payments in the project, internal approval of action plans and he is the one who gives green light for actions to be implemented. He works closely with a five-member SSD working group that consists of members from the SSD board to which it reports.

He is in charge of communication with the Norwegian MFA (report and applications). He coordinates SSD’s activities in Norway and is in charge for identifying and engaging short or mid-

term Norwegian experts, although basing his decisions on Reconsult's assessments of local needs. Moreover, he handles issues of a political character, including possible conflicts with the municipality and with borrowers not willing or able to repay in time.

The Foundation has no employed personnel in Norway, but have 2-4 people on part-time assignments to contribute with knowledge on agronomy, engineering, construction, marketing, production, organisation, management, finance and economy.

Most of the knowledge transfer is related to agronomy and the representative of the Norwegian Agricultural Extension Service has a main responsibility for training and agricultural follow-up. In 2003 *Jæren Forsøksring* – the regional branch of the Norwegian Agricultural Extension Services – was invited to Kostreš by SSD. *Jæren Forsøksring* has 1800 members. The organisation found that the local farmers did not apply updated knowledge on fodder and husbandry. A people-to-people project was established receiving 170 000 NOK for two years. Farmers were taught how to ensile. Cows were inseminated with sperms from the Norwegian race NRF. *Jæren Forsøksring* has continued to contribute to the SSD project and has one representative in SSD's Board. *Jæren Forsøksring* is a key contributor to the project, and in fact what makes the Norwegian inputs agricultural.

Reconsult. SSD's local partner, Reconsult, is in charge of daily work in Bosnia-Herzegovina. Reconsult is a private consultancy firm with competence in architecture, construction, business, organisational development and more and more agriculture. During the reconstruction phase until 2001, Reconsult has six staff, but has reduced to two full-time staff. SSD's local partner organisation has been manned by two people during most of the project period. As local project leaders their tasks have been to plan, implement, follow up and administer the activities. When needed they have been assisted by Reconsult's owner, Slobodan Marković, who used to work in the project before he was appointed vice minister of Reconstruction in RS. He is currently head of the RARS (Republika Srpska Agency for SME development). This means that SSD through its partner has an excellent contacting surface with relevant branches of RS and BiH authorities. Moreover, the Reconsult staff has a background from

working for International Management Group which means they have a thorough insight in international assistance and project work. Reconsult has a list of 80 local specialists that have been engaged in the project so far to give lectures and trainings as well as to do small studies.

Kostreš Foundation. The secretary and Board of the Kostreš Foundation were trained over a period of several years. The secretary of Kostreš Foundation has been part-time employed and has received computer education to be able to manage the pay-back scheme from the micro credits. For many years the Board, according to SSD, was dysfunctional and suffered from very low personal commitment from villagers and board members. This has improved over the last four years, among others resulting in the new Board being able to make a multiannual (5 years) investment plan based on repayment of the loans.

SSD's project all take place in the RS except for the school project where some donations have gone to schools in the Bihać area in the Federation.

SSD operate according to what it has termed "a total concept" (explained below). Since 2004, the activities that were tried out and developed in Derventa and Brod have been replicated in one to three new municipalities each year. With an ambition of making the work as efficient as possible, SSD has worked in concentrated geographical areas making neighbouring municipalities cooperate.

4.3 Programme theory and project activities

The objectives and activities have developed throughout the project period to a large extent following the evolving needs of Bosnia and strategies of the international community. In short, the project has developed from reconstruction of houses and infrastructure (school, public health centre) to business development and competence-building. The objectives have moved in the direction of improving entrepreneurship among rural dwellers (through micro credits and training).

Earlier SSD/Reconsult tried to reach out to as many farmers as possible, but around 2004 they narrowed the target group into "frontrunners". These are the most capable and promising farmers

and cooperatives in a given municipality, the farmers SSD believes will be able to disseminate skills and knowledge to farmers in the neighbourhood at a later stage. Usually between ten and 20 front running farmers are identified in each municipality.

We will divide the presentation of programme theories and project activities in two. First, we will present the Kostreš reconstruction project, and then we will go in detail on the “second round” of SSD’s activities in Bosnia-Herzegovina.

First round – the Kostreš project

SSD’s rebuilding concept differed from many other reconstruction projects at the time by not simply giving the reconstructed houses away to the former owners. Only the costs of using external work force (electricians, plumbers, and other professional craftsmen) were covered by the funds, and owners were expected to work on their houses themselves.

SSD introduced a system whereby beneficiaries had to pay back 35 per cent of the reconstruction costs into a Revolving Village Foundation (RVF).

The RVF in turn would contribute financially to village projects.

Second round – the four-step approach

SSD gained experience in Croatia before 1998 and in Bosnia-Herzegovina from 1998 (particularly from the Kostreš project) and has taken the lessons into consideration while designing the second round of its project activities.

Based on the 12 years of experience running the project SSD and Reconsult have developed a step-by-step approach they have termed a *total concept*. The four-step approach is systematic and is designed with the ambition to make it easily replicable. SSD and Reconsult see their approach as one starting “from below”, with the individual farmer.

Step 1: Who? Identification of stakeholders. One year of working with local institutions and individuals. This includes donating some equipment to school and to cooperatives. Working closely with the municipality (mayor and head of agricultural department) and bringing them in contact with homologues in municipalities that have been in the project for a longer period. Result: identification

of potential forerunners and establishment of good working relations with local decision-makers.

Step 2: What? Competence building of identified stakeholders and beneficiaries. Possible beneficiaries identified in Step 1 are invited to trainings and seminars, field trainings and neighbour meetings. Also experimental field production is used as a method here to *show* rather than merely *tell* how to improve production. Municipal administration and specialists are invited to take part along with the targeted farmers. In this phase, experienced Norwegian specialists in extension services are made use of as trainers.

Step 3: How? Access to finance. For farmers wishing to modernise or increase their production poor access to affordable credits is a major obstacle. In this stage farmers will be systematically informed about opportunities, like municipal subsidies, state subsidies, deals with large buyers, who like in the case of fruit and vegetable processing Vitaminka that distributes seeds in spring and deducts it from the payment for the vegetables in autumn. On the basis of the experiences and lessons learnt from Kostreš, the SSD and Reconsult have developed a model for local credits lines through the establishment of municipal or inter-municipal credit guarantee fund in cooperation with commercial banks.

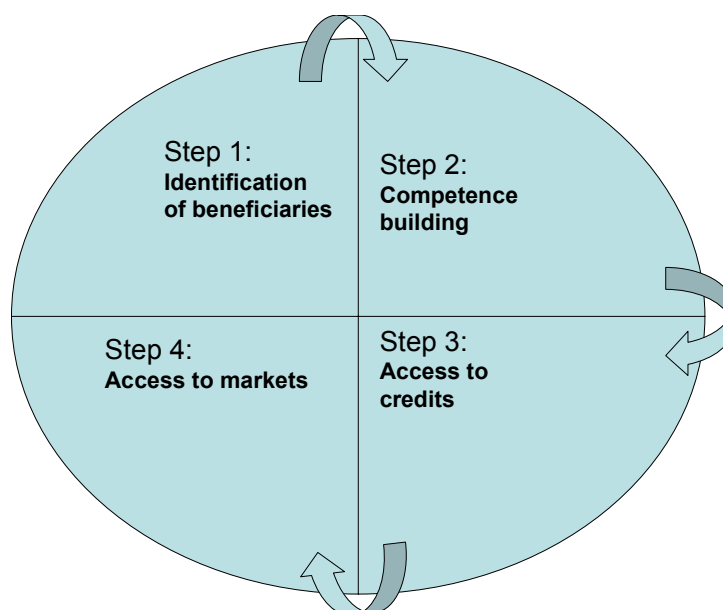
Step 4: Results? Access to markets. When farmers have been trained as a result of Step 2 and their production supported through credits (Step 3) the farmer or cooperative is connected to the market in Step 4. SSD and Reconsult contribute with mediating partnership agreements or contracts, follow up deliveries and payments. Farmers and buyers are brought together and the idea is that farmers will learn about buyers' need and buyers will learn how to explain farmers what they need.

Here SSD, unlike Jæren Produktutvikling which is also very much oriented towards export, focus on the local market where imported agricultural products dominate. SSD thinks local producers must be able to gain a foothold locally before venturing into export to the EU. The method is to analyse the towns and target regular buyers, like hospitals, kindergartens and restaurants. Through distributors with a common brand the farmers' products will be sold.

To gain a position on the local market “track and trace” is being introduced.

The idea is that each step – or phase – lasts for one year, which means that each municipality “hosting” a project will work with SSD for four year. This means there is a need to emphasise sustainability and develop and exit strategy from the beginning of each four-year cycle.

Figure 4.1 *The SSD and Reconsult four-step model*



It might be worth “translating” the model into a programme theory scheme. Interestingly, then the identification of beneficiaries in phase 1 may be treated as an input. SSD and Reconsult helping the municipal developmental authorities identify the ten to twenty farmers in each municipality who are most likely to be able to start and keep up agri-business is an input. In fact, identifying forerunners and potential forerunners is a critical factor. At the same time the selection marks an explicit shift from working with farmers as a kind of emergency post-conflict assistance to regular support to economic development.

According to this model clusters of input are given step-wise sequenced logically, helping outputs at each step become

outcomes in the next step. Having a list of potential forerunners is mere output with no further developmental implications unless the list is being used to support agri-business. Therefore, in phase 2 the forerunners receive training, but then again training is a mere output without further implications if not made use of. Poor access to affordable credit is a major obstacle for “forerunning” rural dwellers in Bosnia-Herzegovina. Therefore, in phase 3 soft loans are offered, the outcome of which is saleable products for the market. SSD and Reconsult, unlike JP, primarily aim at helping beneficiaries find a position on the local and domestic market.

Replication. SSD and Reconsult have widened their geographical impact area gradually, starting in Kostreš after the houses had been reconstructed in 2002. Three municipalities in north-western part of the Federation are the latest addition to the project. Here, only preliminary donations have been made (to schools).

Table 4.1 *Start up and current project phase of activities in municipalities of Bosnia-Herzegovina (per 2010)*

Start up in:	Currently in phase:	Municipality
2002	4	Derventa
2003	4	Brod
2004	4	Srbac
2005	4, 3	Teslić, Kotor Varoš
2006	2, 3, 3, 2	Gradiška, Laktaši, Modriča, Šamac
2007	2	Kneževo
2008	2	Šipovo
2009	1	Bihać, Petrovac, Ključ

When starting to work with a new municipality, representatives of target groups from previous years in other municipalities take part by sharing their experiences.

More on the activities

When starting up work with a new municipality, SSD’s first step is to inform about their “total concept” and to distribute computers to the schools followed by some basic assistance to targeted farmers and cooperatives.

SSD works closely with the municipal authorities, i.e. the mayor and the officer in charge of agriculture and economic development. For instance, SSD/Reconsult has assisted municipalities in setting up monitoring mechanisms, i.e. reporting systems, for local economic development strategies.

If there is a viable cooperative in the municipality, it is invited to take part in the project. As support to cooperatives is given priority in many municipalities, and an RS law (2009) emphasises the importance of saving old cooperative land and premises from neglect, working with cooperatives and municipalities at the same time is unproblematic.

Competence-building. The training is given for selected farmers and for “key structures which are supporting the individual agriculture”, i.e. municipal agricultural officers and RS Ministry of Agriculture. Trainers are Norwegian and Bosnian specialists.

The activities consist in open seminars, demonstrations in the field and training. When working with the cooperatives, the first training is held with the management on how to run a project, on marketing etc. Experimental demonstrations are made with grass seeds, gherkins, strawberries, raspberries, water melons, musk melons, corn, pepper, potato, onion. Two experimental manure storing tanks have been set up.

The second training targets members of the cooperative, and is organised as low threshold neighbourhood meetings on day-to-day problems, like animal diseases, milk collection and the like. Also practical demonstrations of how to use agricultural machinery are carried out. It has proven easier to attract farmers to something called neighbourhood meeting than to a seminar. A typical neighbourhood meeting would be arranged in a village with 15 farmers present looking into e.g. the issue of why and how to make grass silage, how to use a specific machine and how to organise a milk collection station and deliveries of raw milk.

The third type of training is the specialised seminars, often addressing issues relating to preparation for the season. Grass silage and vegetable production are among the most popular subjects among the farmers.

Seminars and trainings in economy and agriculture are held in cooperation with the head of the department of agriculture in each municipality. Also study trips to Norway form part of the competence-building scheme. During visits to Norway the Bosnian farmers live in farms and get acquainted with the state of art in Norway.

Cooperatives: There are roughly estimated 60 cooperatives operating in the RS as compared to 500 before the war. From around 2004 SSD looked for cooperatives to cooperate with. At first cooperation was with a cooperative with members from Kostreš. The RS Ministry of Agriculture has a strategy of revitalising cooperatives.

Visits from Norway. Norwegian specialists visit the cooperating municipalities regularly. These trainers mainly come from the Norwegian Agricultural Extension Services. Their main task during visits is to give trainings. In addition they visit cooperatives, rental stations and farms and give advice on how to improve the quality of production, e.g. by introducing new varieties of grass, new methods of ensilage. Also insemination introducing the Norwegian cattle breed, Norwegian Red.

Rental stations. In cooperation with farmers and cooperatives seven rental stations have been established under the project. They are located in the following municipalities: Srbac-Sitneši, Teslić, Kotor Varoš, Laktaši, Kneževo, Šipovo (established in 2010). The rental stations have equipment like grass-cutting machines for silage, automatic unloading machines for grass, sowing machines etc.

Operating rental stations in the Western Balkans is a demanding exercise due to the lack of trust between people. Payments are often delayed and when equipment is broken people try to shirk their responsibility. Usually, the prices list is agreed upon with the cooperative. 50 percent of the incomes go to repair and renewal of the machinery whereas the remaining 50 per cent go to the municipal agricultural development fund to support experts in cooperatives to cover salaries and travel costs.

Milk collection stations. SSD has supported the establishment of milk collection stations in five municipalities.

Meteorological station. SSD has supported the building of a meteorological station in Derventa.

Micro credits. Local revolving financial instruments. In 2001, SSD took the initiative to a micro credit scheme in Kostreš with the aim to revitalise the local agriculture production. In all more than 30 credits have been given, which has enabled villagers to take loans to buy live stock (milking cows, chicken, pigs) and to refurbish farm premises. Here, the payback was not to go back into Kostreš Foundation, but to Derventa's Municipal Fund for Agriculture Development.

Municipalities have local economic development strategies that give guidelines for their priorities and they have small funds to be handed out as subsidies to individual farmers (to Pillar I production, not to Pillar II capital investments, where the entity level distributes subsidies). The idea is to use these funds more systematically and channel them into micro credit funds that are cheap for farmers, i.e. with low interest rates, but nonetheless strict on repayment.

The first steps were taken with Derventa municipality in 2005. SSD, the municipality and the Pavlović International Bank were to contribute one third each to a micro credit fund, the Derventa Municipal Agriculture Development Fund. The fund was going to have a board with one representative from the SSD, the municipality and the Pavlović International Bank. Later also the Nova Banka was invited in and joined.

The municipality was made responsible for the day-to-day running of the fund, and two municipal officers were allocated for the task. The fund started up with a total 300,000 KM based on equal contribution from the three partners.

Table 4.2 *Contributions to the Derventa Municipal Agriculture Development Fund*

Contributor	Amount (in 1000 NOK)
SSD (from loans repaid by Kostreš dwellers)	1,150
Pavlović International Bank	475
Derventa's municipal budget	330
Nova Banka	190
SUM	2,145

Later, initiatives were made to set up an inter-municipal regional development fund, this time with the regional, Doboj-based Nova Banka. Initiatives were taken in 2009 by seven municipalities that went together and established the fund. Research ring activities will form part of this cooperation, and will be financed by the fund.

The municipalities contribute with different sums:

Table 4.3 *SSD's suggestion for contribution to the Inter-municipal Regional Development Fund at the upstart*

Contributor	Sum (in 1000 KM)
The Bank	<i>Final sum under negotiation, depends on service costs and multiplication factor</i>
SSD	100
Derventa	100
Teslić	100
Brod	20
Srbac	20
Gradiška	10
Modriča	10
Kotor Varoš	5
SUM	365

Figures in the table above may change in the future, and the actual interest rates depend on negotiations with the bank. The fact that there is a group of municipalities involved, not only one individual municipality, is expected by SSD to lead to more favourable conditions for credit-takers. As shown in the table, the

contribution from each municipality vary, but this is among other due to the fact that the total amount in the agricultural development funds vary between municipalities. Kotor Varoš' contribution of 5,000 KM may look small, but represent 25 per cent of its total budget for agricultural support.

The loans are going to be 100 per cent revolving.

The scheme allows for treating ten per cent of the sum as non-financial means, which allow for payment to experts and trainers. When SSD has pulled out and no longer pay trainers at local seminars, this provision may prove to help making activities economically sustainable.

SSD and Reconsult will assist local authorities, cooperatives and individual farmers communicate while setting up and running the soft credit scheme. Likewise, they will assist setting up a monitoring mechanism for measuring achieved results.

Work with cooperatives. In parallel with developing the credit scheme, SSD started to work with a local cooperative to help build their capacities through extension services and assistance in marketising their products. SSD has been working with six cooperatives in the region helping them set up rental station with the most important agricultural equipment.

Market analyses and matchmaking events. In the fourth phase of the project cycle, SSD assists farmers making market analyses. These are small survey focusing on one specific product at the time. Matchmaking events have been arranged on several occasions (2002, 2005, 2006, 2008, and 2010) in cooperation between SSD and RARS. They have gradually become more formal. For farmers this is an opportunity to be told on beforehand (events are arranged in winter in order to allow for planning of the year's production) what the market demands are. For instance, a supermarket chain can inform what size and weight they prefer water melons to have or what kind of salad they would like to buy.

Support to schools. SSD has contributed with equipment, primarily computers, to schools all over north-west Bosnia. This has been an important door-opening activity for SSD and has created good working relations with the municipalities.

SSD believes there will be a positive effect on agriculture from this as children and young people will bring computer skills back home (to the farms). In order to run a small enterprise, like a farm, without a computer may be possible in Bosnia-Herzegovina today, but will probably be impossible in a few years.

The training at vocational schools in Bosnia-Herzegovina has been mainly theoretical, partly because schools did not have machines and equipment for practical training. The project has furnished vocational schools with computers, machines and apparatus for agricultural, metallic, electronic, and carpenter training.

Derventa's two upper secondary schools, one theoretical, one vocational) and Gand uppers secondary school in Norway have entered into cooperation through SSD. Activities consist in exchange of student and teachers, transfer of equipment pedagogical methods. Primary as well as secondary schools have benefitted from the donations.

4.4 Results and attribution

The support to the reconstruction of Kostreš has made it possible for people to move back. In addition, the project has given assistance in getting started with agriculture.

Table 4.4 *Number of houses reconstructed*

Phase	Number of houses
I	20
IIa	26
IIb	18
III	19
IV	5
SUM	88

In 1991, there were 128 houses in the village. Today, there are 112 houses. In 1998 there were three children in school. Today, the number is 24 children. In addition to the houses, the school was reconstructed and ambulance established.

A secondary benefit of the reconstruction of the village houses are the 20 houses in Derventa temporarily occupied by people from Kostreš now being able to move back. This has made it possible for the pre-war Croat owners to return.

Micro credits - Local revolving financial instruments. The Kostreš Foundation had problems with payback in the beginning, but by the end of 2009, the repayment rate was 40 per cent, a figure that has been kept almost constant since.

By the summer 2010, the RVF has initiated and co-financed the construction of the village water supply system together with the Derventa municipality and a World Bank project. The contribution from the Kostreš Foundation was 90,000 KM out of a total 540,000 KM.

Table 4.5 *Contribution from the Kostreš Foundation Revolving Fund to infrastructure in the Kostreš village:*

Purpose	Amount (in 1000 NOK)
Water supply system	1,700
Asphalt road	350
Children's play yard	38
SUM	2,88

The Derventa municipal revolving fund. A municipal scheme has been set up in Derventa. Payback is 100 per cent due to the fact that the collection of money is taken care of by a professional bank. The bank provides SSD/Reconsult with all details, and a report is made every six months. According to these reports, loan repayments are made regularly.

Table 4.6 *Number of loans per year, Derventa municipal revolving fund*

Year	Number of loans
2007	14
2008	18
2009	59
<i>In all</i>	<i>91</i>

Table 4.7 *The Derventa Municipal Agriculture Development Fund by 31.12.2009 (in KM)*

Purpose	Contributor	Channel	Amount	Bene- ficiaries
Cattle breeding: 150.200	From municipal budget: 124.500	Pavlović International Bank	212.200	33
Cereals and Vegetable production: 33.000	From bank: 87.700			
Machinery/equipment/infrastructure: 29.000				
Cattle breeding: 66.000	From SSD: 109.500	Nova Banka	160.000	17
Cereals and Vegetable production: 13.000	From bank: 50.500			
Machinery/equipment/infrastructure: 29.000				
SUM:			372.200	50

SSD's ambition was to give mainly short-term, seasonal loans to invest in production (to be repaid after harvest), but there are also loans given for acquisition of machinery.

Table 4.8 *Types of loans, Derventa municipal agriculture development fund*

<i>Term</i>	<i>Number</i>	<i>Financing</i>
Short term	18 per cent	Mainly cereals and vegetables
Mid term	60 per cent	Cattle breeding
Longer term	22 per cent	Machinery, farm infrastructure

So, far the inter-municipal credit scheme has not started up (municipalities signed an agreement in October 2009), and the Fund was registered in court only in April 2010. Before the bank can start up operating the fund, it needs to have all the money that has been promised from the municipalities.

Rental stations. Through the rental stations farmers can borrow machinery like grass harvesting machines and seeding machines, often machinery that is novel to them. All machinery is the property of SSD and SSD get a report every six month on what has been rented out and what has been paid for the rent. 50 per cent of payment is used in the rental station for maintenance, 50 is used by the research ring (in Derventa the 50 per cent go into the Fund).

The cooperative in Brod, that used to have a rental station, collapsed and the equipment was moved to cooperatives in two nearby municipalities, Šipovo and Kneževo. The organisation model was tested out and needs identified in 2004. The project activities on rental stations are linked to the project activities on extension services.

Training. More than 300 farmers have participated on trainings organised by SSD and Reconsult in cooperation with local experts from cooperatives, Agriculture Faculties, Agriculture Institutes and experts from Norway.

Farmers who have taken part in the trainings with the Norwegian Agricultural Extension Service have increased their production of milk from 10-12 litres per dag/cow to around 25 litres. Moreover, productions costs have been reduced thanks to more knowledge-based feeding (e.g. use grass in stead of maize). Also, the

insemination with Norwegian Red has had an impact on the increase in milk production with between 35 and 40 per cent.

Reconsult reports that milk production in Derventa is now 150 per cent of what it used to be before the war. As the project has reached out to most milk farmers in Derventa, and farming competence here as elsewhere in the Western Balkans was extremely poor, there is reason to attribute some of the increase to the project.

As a part of its training activities, SSD has translated an informational brochure originally issued in Norwegian by Jæren Forsøksring on natural manure. It was printed in 5000 copies and so far 3,500 have been distributed.

The natural manure project in Teslić and Derventa has not led to larger harvests of grass for fodder, but the production costs have decreased – in Derventa with 700 KM per ha, in Teslić with 900 KM/ ha

The project has helped establish grass fields with high quality grass seed as platform for the production of quality grass silage as cheap quality fodder for animals. For instance, Derventa did not have production of grass silage before and now there are over 120 ha of grass fields.

School cooperation. This is a separate project and involves a secondary vocational school and a gymnasium in Derventa, and has some links to the agricultural project through support to agricultural training. On its web site the gymnasium (gymnasium with technical training in metal and electronics) sums up its cooperation with SSD by referring to the donation of a language lab and equipment and instructional technology for the teaching of chemistry and physics and biology. The vocational school also mentions the cooperation with SSD among the contributors to its updating to a modern agricultural school. Other donors are the Ministry of Education, the municipality and the EU VET programme.

As an example of SSD's additional "friendship activities", we would like to mention their computer donation scheme. So far, 382 primary schools with 57.145 pupils have received 2.152 computers. In 23 secondary schools with around 13.000 students have received 575 computers. In all 21 municipalities have

benefitted. The computers have been donated in Norway by schools, municipalities, companies, the police, customs and other institutions.

In addition to the computers donated to schools with an indented long-term and indirect impact on agriculture and agri-business, SSD runs a computer training programme for farmers. Farmers who complete the course receive a computer to have and keep. These farmers are among the frontrunners and the idea is that computers skills will make them able to communicate faster with each other, with SSD/Reconsult and with the market.

Matchmaking events. Unfortunately no monitoring of result has been carried out, but there are illustrating stories to substantiate the need for these events. For instance, at the event in 210 the big supermarket chain Mercator told it would like to buy rucola salad. Four greenhouses whose representatives were present started to produce it and Mercator buys. SSD helped the greenhouses with plastic to cover the plants.

4.5 Risk management

Setting up local credit lines managed by a local board is risky, and SSD has experienced a lot of problems having people pay back. Some of the problems are due to the fact that local people are badly off. Another problem is caused by other international/foreign organisations just giving away donations, making people expect gifts. People were disappointed when they learnt they had to pay back even when they knew the sums were going back to the local fund.

The following dialogue illustrates the case:

Reconsult staff: - *You don't pay the money to Odd Berg. You pay to yourself.*

Farmer: *But why do you push me to pay myself?*

SSD chose to be tough. In all 23 credit takers were sued (two have lodged an appeal, and SSD even took over one house in Kostreš in an auction. *The remaining sums in process of being collected by way of lawsuits per September 2010 amount to 39,250 KM .*

The legal issues took a lot of SSD's attention. SSD was helped by one of SSD's supporters in Sandnes who is an experienced lawyer and lawyer in Derventa and legal specialist in Banja Luka.

There were also problems having Kostreš Foundation itself handle the scheme as it was too embedded in the village to make unpopular decisions against members who fail to pay back. This was an inherent problem resulting from the extremely localised model (a village Foundation).

Therefore, SSD and Reconsult have brought mayors and a bank together in a new, less localised and more bank-like model. Including a bank would increase the financial portfolio and secure professional management.

SSD and Reconsult drew lessons from its first attempt at running a micro credit scheme, and launched a new model linked up with the municipal economic development strategy and municipal funds as well as a regional bank. This way policy relevance and technical management are in safer hands than if SSD alone, or a local foundation, was to handle it.

The risk of ending up with project activities that are considered relevant by the donor alone is reduced in the SSD project through the strong links to the municipal authorities and local developmental departments.

4.6 Cost effectiveness

SSD's activities have involved considerably less funds than JP's and Norges Vel's projects.

Table 4.9 *SSD's project in Bosnia-Herzegovina, total amount*

Project number	Project name	Total amount (in 1000 NOK)
BHZ-08/023	Agricultural development	6,300

SSD's agricultural project has been able to benefit from substantial amount of voluntary work on the Norwegian side. Reconsult has been and active and capable local partner. Without this, the loosely organised group of enthusiasts in Sandnes, which is SSD, most

likely would have had difficulties operating in a cost-efficient way. In addition to the granted funds, SSD and Reconsult have been able to raise additional money. This, and the fact that the activities have been linked to ongoing municipal strategies have created positive interaction effects that are conducive to cost efficiency.

So far, the project has had effects only in the localities it has been actively involved through agreements with the municipalities. The intervention logic (the four-step model) is a mechanism for replication and widening of the circle of municipalities involved.

SSD's and Reconsult's model as it appears today is well thought out, robust and potentially cost-efficient. For instance, the concentration on prospective farmers is a way of reducing the risk of wasting project funds on individuals who will not convert outputs into outcomes. The model is a result of gradual learning.

Whether the project's achievements are consistent with the level of resources made available throughout the project period as a whole is less obvious as there has not been any systematic follow-up of outcomes. The problems related to the micro credit scheme cost the project holders a lot of attention and resources that alternatively could have been directed into developmental activities.

It should be noted that parts of the granted sum, i.e. the amount spent on micro credits, were to be repaid into local revolving funds. In line with this 1.5 million NOK was to be repaid to the Kostreš Foundation. Likewise, 1.15 million NOK were agreed to be repaid under the project on a municipal revolving fund in Derventa. The inter-municipal agricultural development fund was based on a repayment amounting to 80,000 NOK.

4.7 Sustainability

Since the mid-2000, SSD's intention has been to phase out, and gradually Reconsult has taken over more and more of the design functions of the project. For instance, the action plans are drafted by Reconsult in cooperation with SSD. Reconsult is capable of running agronomic demonstrations and test fields in cooperation with local experts. In practice, SSD and Reconsult have been preparing for exit, but there exists no written exit strategy. On the

basis of its current personnel, and personnel recently having been engaged, Reconsult could easily take over the function of being project-holder. The four-step model, including the credit lines, could be continued also without Norwegian funding, but then, of course in a more modest scale resource-wise.

Norwegian funds are used in combination with municipal funds for the micro credit lines, and “automatically” in line with locally sanctioned priorities = sustainability and relevance). The model involving the municipalities and an ordinary bank is far more sustainable than using only Norwegian project funds for the credit line leaving it to micro-local credit association to run them; here the methods of commercial banks will be of help.

4.8 Synergy, coordination and complementarity

The project is in line with Bosnian policies to reduce agricultural imports and to save old cooperative land and premises from neglect. Working on the local level of government the project contributes to synergy among municipalities. Like the other two Norwegian organisations reviewed here SSD operates very much decoupled from other international initiatives or programmes.

4.9 Conclusion

Taking a closer look at the Sandnes-Dubrovnik Group’s projects reveals elements of many different project types. There is a dash of people-to-people activities, elements of municipality-to-municipality cooperation, some support to civil society, micro credits, computer donations, youth and farmer exchange schemes and a large portion of agricultural extension services. This latter element is run by experts from the Norwegian Agricultural Extension Service and is what makes SSD’s activities agricultural.

In practice, the organisation of SSD’s agricultural project is divided into three functions, in practice managed operationally by three organisations. The first function is administrative, fund-raising and representative, and is handled by SSD itself. SSD is a continuation of local, Sandnes-based solidarity and friendship activities

supporting victims of the wars in Bosnia-Herzegovina 1992-1995. The second function is substantial and agro-professional, and is handled by experts transferring and adapting agronomic knowledge. These experts mainly come from a regional branch of Norwegian Agricultural Extension Service, which forms part of SSD through membership on the Board. The pedagogical approach of the Norwegian Agricultural Extension Service is well-tailored to farmers by *showing* methods that work, rather than just explaining theoretically why they should work.

The third function is operative and accommodating, and takes place in the wider context where the project aims at having an impact. This function is taken care of by SSD's partner in Bosnia-Herzegovina, the Reconsult consultancy firm.

They are very well informed about local strategies and priorities and know how to operate efficiently under real-life Bosnian conditions. Unlike many other NGO partners, whose main capability is to serve foreign donors but find themselves alienated from local authorities, SSD's partner is well embedded with relevant sectors of public administration in Bosnia-Herzegovina. Reconsult has a firm grasp of how to link project activities with ongoing processes and institutions in Bosnia-Herzegovina itself to stimulate agriculture and agri-business.

Taking the historical path of the project into consideration, it is possible to explain why SSD still figures as an actor in this project. From a functional point of view, however, SSD's role as an agent for boosting agriculture and agri-business in today's Bosnia-Herzegovina is less obvious. SSD is well suited for friendship activities, but is not an organisation tailored for long-term, developmental projects aiming at systemic improvements. Having said that about present needs, the importance of the huge and laudable work done by SSD in the reconstruction phase and in facilitating later activities, among other by drawing on a strong competence base in South-West Norway, should not be underestimated. Despite its people-to-people character SSD has facilitated project activities of great relevance in the Bosnian context.

Additional activities with additional funding are added to the core agricultural activities funded through the Western Balkan section of the MFA. The complex mixture of initiatives is handled without

paid personnel. Moreover, although the individuals involved on the Norwegian side are experienced and knowledgeable on relevant fields, like agronomy, organisation and business, they have no developmental background. This latter weakness, however, is compensated by SSD's partner in Bosnia-Herzegovina.

In Bosnia-Herzegovina SSD and Reconsult have developed a robust working model which is well embedded in local realities. The activities are clearly focused on rural economic development and target the most promising farmers and cooperatives.

SSD and Reconsult have created a good starting point for a continued project that could go on even without Norwegian funding. The agronomic expertise of the Norwegian Agricultural Extension Service would probably be of great use.

5 Norges Vel

5.1 Background and objectives

At the time when Norges Vel started up its projects in Kosovo, the province suffered from an almost all-encompassing variety of serious problems. The province, that since the 1974 Yugoslav Constitution had benefitted from a formal status close to that of the Titoist federation's constituent republics, with a university of its own and an official flag identical to the Albanian one only with a small Yugoslav star in addition, had fallen victim to the break-up of Yugoslavia. The subsidies from the Northern republics – that used to be extensive – came to a halt, and Serbia's ultra-nationalist leader Slobodan Milošević put an end to the province's self-governing status. With an economy in collapse and political and administrative institutions dissolved, Albanian-speaking leaders set up parallel institutions that gained legitimacy by the large majority of the Albanian-speaking community in Kosovo. The parallel society and institutions were financed by small taxes and not least through contributions from Kosovo Albanians abroad. Nonetheless, the education offered in this period was rudimentary, leaving segments of the young generation without secondary education. School infrastructure, including that being used by the Kosovo Serb community were dilapidated already before the Kosovo war 1998-1999, that made it even worse.

The war ended in 1999 after massive NATO intervention. The UN took over the administration flanked by KFOR on the basis of the UN General Assembly's Resolution 1244. Some 800,000 Albanian-speaking refugees returned, and some 200,000 of a total 300,000 Kosovo Serbs fled within a few days after having sold their houses a bargain price.

An influx of the International Community followed. When Norges Vel came to the Lipjan/Lipljan municipality in 2002, they took over a project that had been run by two organisations already, the Norwegian Red Cross and Care Norway.

The Norwegian government wanted to support activities in Central Kosovo, where Lipjan/Lipljan is situated, among others because it the home region of a large part of Kosovo Albanians who came to Norway in 1999 under the rules of temporary collective asylum. The idea was that improving conditions in places like Lipjan would make return easier. Also, Lipjan was selected in the first place by the Norwegian Red Cross because the municipality had retained some of the pre-1999 multi-ethnic character, i.e. not all Serbs had left.

The Red Cross had started up its project with Lipjan municipality and the local secondary school in 1999 through development of machine rings for the repair and use of agricultural machines. They withdrew and Care Norway took over. Norges Vel was invited in to contribute with their agricultural competence, and in 2002 Norges Vel took over the ASK project from CARE Norway. Norges Vel's long-term rural development profile made it a promising organisation to take over after the immediate emergency situation.

The project taken over by Norges Vel – Agricultural Support Kosovo (ASK) – was carried out between 2003 and 2005 and aimed at helping rural people acquiring knowledge and equipment needed to make a living from small-scale farming. It managed to improve the training facilities and raised capacities among teachers as well as adult farmers.

The project took place in the Secondary Agricultural School 'Adem Gllavica' in Lipjan. Until 2004 the school's name was Ulpijana secondary school. It used to be Serbian-language. Between 1945 and 1968 it was Yugoslavia's biggest secondary school, with more than 3000 students, of which 1500 attending the agricultural profile.

The school was damaged during the 1999 war. Afterwards, the school became Albanian-language and in deep need of improving its facilities for practical training and to develop human resources. Ever since it started up in 2002, Norges Vel's activities have

concentrated on this school to the extent of being located on its premises, and integrating all other projects with the school. As the school is under the municipality, Norges Vel's projects all operate with Lipjan as one of the project partners whereas partner ministry varies.

The ASK project was followed up by the so-called WDE project supporting the improvement of water supply, drainage and electrical installation at Lipjan Secondary School 2004 – 2006. To improve school's infrastructure a project on water supply, drainage and electrical installations (WDE) was carried out separately, but nevertheless integrated with the ASK project.

In other words, since the beginning Norges Vel has addressed three of the core problems of Kosovo today: a) a large rural population; b) low skills; c) poor educational facilities. In addition Norges Vel has addressed a fourth issue, that of ethnic reconciliation.

Since 2004 (with a de facto upstart in 2005) Norges Vel ran a project on Life Long Learning offering formalised adult education at the level of secondary vocational school (agricultural profile). The project had a double focus, on training and on creating an optimal infrastructural environment for learning. For LLL Norges Vel's co-operating partners are the Ministry of Education, Science and Technology (MEST) and the municipality in Lipjan/Lipljan (department of education) and the Adem Gllavica secondary school's agricultural profile of studies. The school's curriculum is under the MEST, and the school premises are owned by the municipality. Norges Vel, Lipjan municipality and Adem Gllavica School co-operate according to an MoU about organisation and responsibilities. According to this agreement the municipality shall take over the facilities and make sure the operation is continued when Norges Vel withdraws.

In 2008, Norges Vel started up a project on Renewable Energy, also this time with Adem Gllavica School as project scene. The plan was to install an energy system based on renewable energy (solar plus wood) to heat the school and to use it for educational purposes. Renewable Energy is one of Norges Vel's priority areas for its Norwegian activities (along with local/rural tourism and entrepreneurship. At the outset Kosovo's Ministry of Energy and Mining aimed at covering 14 per cent of its energy need from

renewable sources. This objective was later raised to 20 per cent within 2020.

Norges Vel perceives the Renewable Energy project as being closely linked to the agricultural sector because solar and bio energy may reduce costs for farmers. Renewable energy may be a cost-efficient source for heat and light in green houses and for the foodstuff industry. Moreover, photovoltaic panels converting solar radiation into electricity may be used in irrigation technology.

Since 2008 Norges Vel has been running a project to support the development of cooperatives and other forms of farmer cooperation. This is a brave step taken by Norges Vel as the organisation's experiences from supporting to farmers' cooperation in neighbouring Macedonia since 2002 shows that cooperation among farmers is easier said than done. There is no systematic reference to the experiences in Macedonia in the design of the support to the Lipjan-based cooperative. On the other hand, the project has drawn on Norges Vel's general experience in farmer cooperation. The cooperative project is in line with Norges Vel's wish to concentrate on local agri-business development, including support to cooperatives, product development and linking producers to the markets.

Again, Norges Vel took over a project initiated by another international actor. In the case of cooperative the initiator had been the French KFOR in 2005. Whereas the number of functioning cooperatives has been considerably reduced elsewhere in the Western Balkans, cooperatives hardly exist in Kosovo despite many projects to support the idea, among them a major initiative by the FAO.

5.2 Project implementation

Norges Vel does not work through an implementing partner locally. In stead the organisation has deployed a Norwegian project manager who stays permanently in Lipjan. He oversees the project activities on the spot and is helped by a large staff located at the premises of the Adem Gllavica secondary school.

The formal responsibility (administrative and technical) for each of the projects is under the project manager at the branch office in

Lipjan. The office is manned by local staff covering administrative and book-keeping tasks as well as translation and interpretation (Albanian/Serbian/English). Each project has its own project officer with the operative responsibility, and reports formally on a monthly basis to the project manager.

In addition a number of teachers are employed for the LLL project and receive additional salaries through the project.

Although primarily being an organisation to support rural development in Norway, Norges Vel has been engaged internationally for over 30 years. The volume of the international activities is considerable, which is reflected in the fact that somewhere between 30 and 40 per cent of the organisation's incomes is from international activities (Annual reports 2009, 2008, and 2007). The activities in the Western Balkans are overseen by a coordinator in Norges Vel's International Department. When employing new staff for national projects, the applicants' international background is also considered. On the background of its firmly institutionalised international profile there is reason to make strict demands on Norges Vel's performance, perhaps more so than the two organisations operating in Bosnia-Herzegovina.

Norges Vel has worked with several institutions in Kosovo, but like other internationals has found it difficult to establish a partner-like working style with most of them. Almost all major initiatives that have been followed up have come from Norges Vel.

Cooperation has tended to be halted after each election. Also in between elections important contact persons for Norges Vel suddenly disappear from their positions and Norges Vel has to start from scratch with the successors. Rather than facilitating project implementation, the Kosovo interim authorities have spinned out decisions. Performance has not improved considerably after the declaration of independence in 2008. Norges Vel's cooperation with Lipjan municipality, however, is much better now than five years ago. The municipality and its secondary school are Norges Vel closest partners on a day-to-day level, and the only partner that appear in all Norges Vel's projects, be it on education, cooperatives or renewable energy.

For the LLL project the Kosovo Ministry for Education, Science and Technology has been Norges Vel's partner on a ministerial level (see e.g. Ymerhallili et al 2009). Working with more ministries in one project has proved to be difficult due to strong compartmentalism and wish to protect one's preserves. Today the government is a broad coalition of the three big political parties. All three of them are clan-like structures and bitter rivals. Therefore, inter-sectoral cooperation is difficult.

Originally, Norges Vel intended to include the Ministry of Labour and Social Protection and the Ministry of Agriculture more closely in the LLL projects through a component consisting in training courses for the unemployed. For the project on cooperatives, the Ministry of Agriculture, Forestry and Rural Development is Norges Vel's partner on ministerial level. The project on renewable energy has the Ministry of Energy as counterpart.

The cooperative project has involved the MAFRD into its project committee along with Lipjan municipality and Adem Gllavica secondary school.

Norges Vel's partners are the Lipjan municipality and MEST. The Ministry of Labour has been approached, but it has proved difficult to establish permanent relations. One reason for this is the reluctance on the part of Lipjan municipality and MEST to include an additional partner. Given the projects overall objective of creating employment the Ministry of Labour would have been a natural partner.

In all four ministers of the Kosovo government visited Norges Vel's premises in Lipjan/Lipjan in 2010.

5.3 Programme theory and project activities

Norges Vel's programme theories base themselves on one model unit. Instead of spreading its activities to various localities in Kosovo, Norges Vel has chosen to locate all its projects in one place.

The local focus follows from a local ambition. *Norges Vel holds the funds assigned for the project – in all 28 million NOK – to be too small to be able influence the agricultural sector at national level.*

Norges Vel's projects stand out as being closely followed up to extent of having a project manager and staff physically located in the midst of the project site.

The ASK project

The ASK project (2003-2005) is a predecessor of the later LLL project. The overall aims of the ASK project was to improve living conditions among rural people "of all ethnic groups and both genders" primarily gaining their livelihood from agriculture. The intervention selected to achieve this goal was to provide capacity-building. In order to provide training Norges Vel saw a need to provide updated facilities.

The LLL project is manned by the same staff that carried out the ASK project (see table above), and the project is administered from Norges Vel's offices at Adem Gllavica secondary school's agricultural unit. Because of the continuity and overlap regarding objectives, methods and staff, several aspects of the LLL have been addressed in the first parts of this chapter. The following section will concentrate on aspects specific to the LLL project.

The LLL project

The LLL took over after ASK and kept objectives, methods and staff.

The aim of the project is to help vulnerable groups in the countryside acquire formal and real qualification that help them get a job or get started with their own small business. An underlying aim, emphasised by Norges Vel, is healthy communication and peaceful co-existence between the local inhabitants.

The project as identified three categories of target groups:

- the adult population in Kosovo who want further education and training in agriculture (later food technology has been added on local request)
- vulnerable groups, like local inhabitants with other than Albanian ethnic background, widows and handicapped
- students at the Adem Gllavica secondary school's agricultural profile as well as economy, hoteliers and mechanical profiles

The latter category of target group falls outside LLL *stricto sensu*, but is included in order to maximise the use of the facilities built up as part of the project.

In order to tailor the training to fit all three categories of target groups, Norges Vel has developed three types of courses:

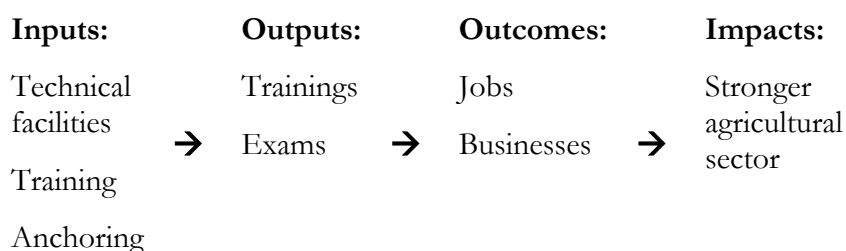
- A-courses: Formal adult education LLL (secondary vocational agricultural education)
- B-courses: Upgrading of teachers
- C-courses: Informal courses

The sad view of the half-heartedly tilled land on the Kosovo field reminds visitors of agriculture's status in Kosovo. Agriculture suffers from low status in Kosovo, perhaps more so among Albanian-speakers, who are more inclined to trade, than Serbs, of whom two out of three have left since UNMIK took over in 1999. The agricultural secondary education, like the one at the Adem Gllavica school, has traditionally been held in low esteem, allegedly attracting a large share of the poorest performing students (see e.g. Mehmetaj 2010). On this background, Norges Vel's ASK and LLL as well as the cooperative project could be seen as brave attempts at reminding Kosovo of its agricultural realities.

Norges Vel's inputs have consisted in:

- Providing the facilities for efficient learning (in fact Norges Vel has went on continuously building and installing)
- Developing and carrying out the training courses
- Anchoring the A-courses with the MEST

Figure 5.1 *Intervention theory LLL project*



The cooperative project

The target group of the cooperative project is not only farmers, but also students at Adem Gllavica schools. In addition, project documents refer to the need of attracting teachers at the same schools into the project.

Norges Vel's approach is to support not only cooperatives, but also other forms of cooperation (e.g. producer enterprises) if that is more suitable. As Norges Vel saw it, farmers should come together in one way or another to raise quality as well as volume of their production. In line with Norges Vel's self-imposed limitation in its geographical horizon, a cooperative in Lipjan was chosen, and like in the previous project Norges Vel took over from another international organisation in Kosovo. IN 2008 Norges Vel took over the task of supporting the local livestock cooperative – Agrocoop – in Lipjan after the French KFOR pulled out They had supported the cooperative since 2004).

Norges Vel is working together with the Ministry of Agriculture on an administrative manual for the cooperatives. Registration of cooperatives is made with the Ministry of Trade and Industry. Norges Vel holds the current legislation on cooperatives to be deficient, and so does the MAFRD that has asked Norges Vel for inputs a draft new law to replace the 2003 law on cooperatives.

In short, the programme theory of the cooperative project consists in developing a model cooperative for emulation and replication elsewhere. Through its work with Agrocoop Norges Vel wants to show Kosovo's farmers that cooperation without distrust is possible through transparent organisational procedures and not least that cooperation leads to increased incomes. The basic advantages of organising in a cooperative, according to Norges Vel, are strengthening input supply, accessibility to machinery and advocacy.

Norges Vel is in dialogue with several cooperatives for replication, among them one set up by local Serbian farmers. Quality control is necessary as there are many examples of cooperatives being set up more out of expectations of receiving "donations" than out of a real readiness to run a cooperative.

The Teqe fruit cooperative – also in Lipjan – is in the process of entering into an agreement with Norges Vel. This cooperative was created in 2008 in cooperation with an NGO from Belgium.

The renewable energy project

Kosovo aims at having 20 percent of its energy consumption from renewable energy by 2010. The energy project is meant as a contribution to reaching this aim, and in the project Norges Vel aims at cooperation not only with MEM, but MAFRD and MEST as well. The project aims at having knowledge on renewable energy disseminated through these three ministries.

The main idea is to increase the competences and interest in renewable energy. The project's core activities are: transfer of knowledge by setting up a centre for information, demonstration, and training related to all kinds of renewable energy. As always with Norges Vel in Kosovo the operation takes place at Adem Gllavica secondary school, but also the Ulpiana gymnasium in Lipjan is targeted. The target groups of the project are the school with pupils and employees, farmers and local businesses, municipal authorities and the Ministry of Energy and Mining.

Production of bio energy from thinning and cultivation of young forests constitutes the project's link to the overall objectives of Norges Vel in Kosovo – to create jobs and better income among rural dwellers. This project makes use of bio energy (wood) to fill in the gaps when the sun does not provide enough energy to the solar heating panels.

The project's phase one will be over in 2011.

5.4 Results and attribution

Norges Vel has involved women in the projects.

Around 40 percent of the course participants have been women. Serbs have taken part, but not in the formal LLL courses. People from the Ashkali ethnic group have taken part in A-courses.

The ASK

Outputs. The ASK project provided the core infrastructure to be used by the later LLL projects, among them the administrative

department (including ten office desks, a meeting room, bathroom and storage room for office supplies), a student lab (including class room, storage room, showers and toilet), a mechanical workshop (including class room, parts and accessories department, office, showers and toilets), a fuel storage with electrical pump (capacity 5000 litres), a livestock department (farm), including piggery with room and shower for the tender, cowshed with milking room, sheep cote, goat cote, stable and hay storage. (For a full list, see Holm-Hansen, Vegara et al 2006).

Trainings were given in a wide variety of subjects related to rural life, like carpentry for farmers, gardening, tiling, building of plastic greenhouses, use of tractors and farm machinery. Very detailed courses, like “Getting to know the tractor gear box” and “Growing blackberry” were. Interestingly, also “Cooperation within farming” was subject of one of the courses, later to be followed up in the cooperative project.

The LLL project outputs

Since the ASK project was succeeded by LLL Norges Vel has built and provided:

- 4 class rooms
- 4 offices for teachers and dormitories for 16 students
- A new cow stable
- Animals (a little less than one hundred heads of animals at a time)
- A second greenhouse (now there is one for vegetables and one for flowers)

A-courses

The first “generation” of LLL students (A-course) – in all 21 students – graduated in September 2008. None of them scored enough points in the first national exam to be allowed to the University. In 2009, 20 students from first generation passed the exam on the second chance and are eligible for university studies. Whereas helping people embark upon university studies has not been the objective of the project, the poor score was a serious blow to the project’s self-confidence, partly softened by referring

to the practical profile of training given in LLL. The second “generation” (two classes; 42 students) started up in 2008.

The second generation of LLL students (A-Course) out of 42 students, 11 graduated in June 2010. On August 2010, 33 students have taken the second chance (national exam).

The third generation has followed courses in food technology, and are the first LLL students to finish 11 grade in this field, whereas the fourth generation – 25 applicants in all – is about to register.

Table 5.1 *Scope of A-courses, LLL*

School year	Number of teachers	Number of teaching hours
2005-2006	11	1320
2006-2007	9	549
2007-2008	9	938
2008-2009	19	2576
2009-2010	16	1953
		<i>7336 (in all)</i>

B-courses

The number of B-course participants may be surprisingly high, given the fact that they originally were intended for the teachers. In practice, however, most of the participants have been students.

Teachers from Ferizaj and Prishtina have also participated in the trainings. Around 42 percent of the participants have been female, and the percentage has been relatively constant throughout the project period.

Table 5.2 *Number of B-course participants*

Period	Number of participants
November – March 2007:	56 participants
May 2007 – September 2008:	109 participants
September 2008 – April 2009:	40 participants
May – December 2009:	23 participants

C-courses

C-courses are held every month. Examples of the issues addressed are silage preparation, picking fruits and vegetables, maintenance of agricultural equipment, sewing, use of organic fertiliser, hygiene and processing, role of ploughing after harvesting.

C-course participants are mainly farmers, and have different ethnic backgrounds and come from several municipalities. Most of them are from Lipjan, though, because of travel distance and the fact that people are invited through networks and village leaders. The participants are given a choice of several subjects and decide themselves what will be the final subject for the C-course.

Many of the participants have attended several courses and this way they are building up competence. Four out of ten participants have been female throughout the project period.

Table 5.3 *Number of C-course participants*

Period	Number of participants
November – March 2007:	53 participants
May 2007 – September 2008:	211 participants
September 2008 – April 2009:	204 participants
May – December 2009:	167 participants
January – February 2010:	42 participants
January – June 2010:	160 participants

The LLL project outcomes

The first type of outcome expected from the LLL is would be participants to make use of what they have learnt to get a job, create a job and/or increase their incomes from agricultural activity. The second outcome would be that LLL went from project to regular educational activity.

Not much is known about the first type of outcomes as Norges Vel so far has not gathered systematic information about what participants use their skills and knowledge for. Shortly more will be known as a study is under way addressing, among others, the outcome question. Something is known: Five students graduated from A- courses are studying at university, and eight of the graduated students have now got a job. It is unclear whether LLL

has led to more people living from agriculture of agri-business. It should be noticed that the agricultural profile at Adem Gllavica school now attract far more student than it used to (from 4 student in 2000 to more than 300 students now), and students are no longer only those with the lowest marks from primary school. The fact that Norges Vel has provided premises and equipment for LLL for use also by the ordinary secondary school may have helped this development take place.

In 2009, an evaluation of LLL's A-courses was made (Ymerhalili, Mulaj and Dedushi 2009). The evaluation showed that students, Norges Vel and local authorities were satisfied with the course. The evaluation was not supposed to address the question of what A-course participants used their new knowledge and skills for.

B-courses (training of teachers; training-of-trainers) have been conducted by outstanding Norwegian and other foreign experts apparently have improved the knowledge of the teachers, but they are still reluctant to involve themselves in practical teaching.

Outcomes of C-courses (training of farmers, informal education) will be addressed in the forthcoming internal/external study mentioned above. Norges Vel keeps in touch with the network of farmers.

The second outcome to be expected is that the LLL A-courses are considered relevant enough *to be made a regular ministry-run activity*. A-course curricula are approved by the Ministry, and are used by other schools by now. The ministry and Adem Gllavica School has on their own initiative replicated the LLL course in Food Technology.

Inter-ethnic relations. Norges Vel has been able to attract non-Albanian to C-courses in separate groups, but not to regular LLL education.

The cooperative project's outputs

At present the cooperative has 35 members, three of them Serbs. About one fourth of the family members are under 30 years old, and 40 percent are women. Most of the members are engaged in agriculture in a serious way. The minimum number of cows for a member as of today is 4. The 16 initial farmers owned 76 ha land and rented 124 ha.

The cooperative operates according to knowledge presented in training activities such as seminars. A members' assembly has been held with almost all members present and a Board elected. This was done under close guidance by Norges Vel.

Norges Vel emphasises the need to train the leaders of the cooperative in organisational matters. Several trainings have been held, on subjects like cooperative organisation management, cooperative administration and business management, cooperative processing management and marketing. Also directly farmer-related issues, like preparation of silage, have been addressed at trainings.

In all, five *draft* manuals have been made, on the following issues: a) how to organise a cooperative, b) legal registration of a cooperative, c) internal procedures (statutes, election rules, minutes of meetings), d) administration and accounting, d) developing tools (business plans, annual plan, annual report to the assembly). Members are trained in keeping records of expenses and incomes. Everything is kept on a very basic and practical level.

The cooperative has a machine rental station, where members and non-members can borrow machinery and equipment. The fees are ploughed back to a fund that will be used by the cooperative to buy the machines at a later stage. This approach has led to some critics from the members, who know that other "donors" just give away assets. In fact, Norges Vel made it clear from the outset that their project was not about distributing machinery. Nonetheless, 16 farmers signed up in 2008 and since then 18 more have joined.

Membership fee is 30 euro per year, and the members are expected to contribute 0.5 eurocent per litre milk sold, and give one eurocent per kilo fertiliser they buy as a contribution to the cooperative. The membership contribution is mainly used to cover the salaries of the cooperative's director.

The members benefit from training, from receiving 50 euro for using fertilisers, self-produced herbicides (in small quantities), maize seed and not least access to machinery through a rental station.

The national conferences of cooperatives organised by MAFRD and Norges Vel set up a committee to prepare the establishment

of a national organisation of cooperatives and farmers associations. Norges Vel intends to take part in these preparations.

The cooperative project's outcomes

Norges Vel helped by five LLL students carried out a baseline study of the first 16 members at the outset of the project. In spring 2011 the rest of the members will be mapped. All members filled in a form giving a relatively detailed overview of their agricultural activities and economic situation. This will be followed up with new members. The forms will be of great use for the assessment of outcome.

As of today it is too early to measure the outcome sought through the project, which is increased incomes, but it could be mentioned that five members have increased their livestock of cows. Norges Vel's project cooperative, Agrocoop, has faced some major obstacles to outcomes. First, banks in Kosovo are reluctant to engage with cooperatives because of uncertainties about liability. Likewise, dairies are reluctant to buy from Agrocoop. They prefer to buy directly from individual producers.

The renewable project outputs and outcomes

Given this review's focus on agriculture and agribusiness, we will confine ourselves to those aspects pertaining to rural job creation and income generation. The renewable energy project's focus on sustainable thinning of unproductive forests has some income-generating aspects to it, but is most relevant as an environmental project.

Summing up on results

Norges Vel's programme theory is based on setting up state-of-the-art demonstration units. Such units are now in place. Norges Vel has invited target groups from several localities within Kosovo to come and see, and people have come from Ferizaj/Uroševac, Vushtri/Vučitrn, Drenas/Glogovac, Prishtina, and Mitrovica. Seven schools from Kosovo, Albania and Macedonia as well as the University of Prishtina are interested and have visited the school for exchange of experience and learning new practices. Nonetheless, when concrete results have been reached they have mainly been felt in Lipjan with little effects out of the municipality. This is problematic as Norges Vel has been in place since 2002.

The Unit for Standards and Assessment within MEST has done the monitoring of LLL in 2009 and 2010, and Norges Vel sends reports to MEST on a quarterly basis. However, no systematic monitoring of outcomes has been made in the LLL project. There is no systematic information on what course participants do with the new skills and insights.

In the cooperative project a baseline mapping was made for the first group of members, and will be made for new members. The baseline study is of potentially great use in future identification of outcomes.

5.5 Risk management

Carrying out projects in Kosovo is risky, and it is widely held that it is more so than in other countries and territories of the Western Balkans. Firstly, the operation has been risky because no one locally has had to fear that funds will dry out as a result of poor performance. There will always be a new donor. Norges Vel has operated in the midst of a massive international enterprise to help Kosovo on its feet after the 1990's. It has been a "receiver's market" to an extent unseen elsewhere in the Western Balkans. Whereas the international support has been large also elsewhere in the region, the funds spent per capita is higher in Kosovo (UN spends 1750 euro per capita annually). Kosovo was given high priority and key local decision-makers or beneficiaries have not had to fear that poor performance on their part would make them risk see funds being spent elsewhere. This lack of competitive elements to make beneficiaries perform optimally is not a phenomenon in evidence only in Kosovo, but as a paradoxical and unfortunate result of Kosovo's high political priority it seems to be more prevalent there than elsewhere in the region. Norges Vel has had its share of Kosovo authorities hesitating to meet their obligations as outlined in agreements. This holds true for authorities from ministerial to municipal level. Nonetheless, Norges Vel has been able to carry out its main project activities related to LLL. This is much thanks to the unusual perseverance of Norges Vel's project manager.

Secondly, risks result from the danger that the abundance of "projects" make people start trying to benefit directly from

projects instead of from the activities the projects aim at giving birth to or sustaining. Various support schemes for cooperatives and farmers' associations all over the Western Balkans have been particularly affected by this as farmers and non-farmers have attracted by the prospects of saleable "donations" like tractors and manure spreaders. Norges Vel's cooperative project avoided running directly into this pitfall by stressing from the very beginning that no donations were to be had.

Instead of donations much of the activities have consisted in organisational training for the purpose of running a real cooperative and by practical means overcoming the social capital deficit.

Thirdly, while doing agricultural projects in the Western Balkans, there is a risk that the most appropriate target groups are not reached. This risk has to do with timing, i.e. adapting project activities to the need of the recipient country. Unlike Africa, the continent where Norwegian developmental NGO's have gained most of their experience, the Western Balkans is changing fast. In the immediate emergency phase after the war, helping people survive from subsistence farming might have been the right thing to do. Today, spending money and efforts on training people who are not going to make farming a major income source must be considered a waste. For LLL this has been a real risk as the agricultural profile has been considered the easiest way of getting a secondary education and choosing the profile is not necessarily an indication of future plans. Therefore, LLL may have been successful as an educational project, while having no impact on agriculture. So far, there has been made no systematic investigation of what LLL participants have used their recently acquired skills for. Similarly, targeting the KFOR initiated "project cooperative" Agrocoop that happened to exist in Norges Vel's hub municipality in Lipjan for the project's flagship and model might be questioned.

The fourth risk we will mention has to do with the interlinkage of political, business and criminal activities by one and the same individuals. In 2007 the UNMIK Directorate of Organized Crime reported that the daily „turnover“ for organised crime in Kosovo amounted to 1.5 million euro, or one fourth of the daily Gross National Income (which was artificially high due to massive influx of aid). The International Crisis Group (2010) argues that

Kosovo's notoriously bad reputation for being lawless partly is exaggerated, but points at public procurement as the most problematic area when it comes to corruption. As accounted for in the Noragric review of Norges Vel (Holm-Hansen, Vegara et al: 2006) the organisation has taken steps to make procurements as transparent as possible. This is important because Norges Vel's expenses to a large degree have consisted in procurement.

Related aspects of risk are addressed in chapter 5.8 on sustainability.

5.6 Cost effectiveness

Table 5.4 *Norges Vel's projects in Kosovo, total amounts*

Project number	Project name	Total amount (in 1000 NOK)
KOS-08/003	Lifelong learning	16,175
KOS-08/004	Renewable energy	7,109
KOS-08/008	Cooperative development	4,665
<i>SUM</i>		<i>27,949</i>

Norges Vel in Kosovo is very strict on how funds are spent, and make considerable efforts to avoid trickery. Nonetheless, the organisation has difficulties reaching cost-efficiency. The main reasons are to be found in contextual realities common for the Western Balkans, but in Kosovo present in the extreme.

One of the most striking features of Kosovo when it comes to developmental assistance is the lack of eagerness among local actors to follow up on project activities beyond the projects themselves. This holds true both for individual beneficiaries as well as Kosovo's authorities. In other words, in Kosovo outputs have difficulties being converted into outcomes. Seldom achievements are consistent with the amount of funds spent on projects.

Norges Vel has made itself vulnerable by spending most of the sums in one particular place with the aim of establishing model units for other to learn from. Then efficiency is dependent upon the dissemination effects, but like the two other organisations reviewed here, Norges Vel operates somewhat decoupled from

other relevant programmes taking place. And neither before nor after the 2008 independence declaration Kosovo's authorities have pushed for replication or other use of Norges Vel infrastructural achievements. The beneficiaries targeted by Norges Vel come primarily from the neighbouring villages, and are not selected according to the likelihood that they will actually be living from farming in the future. This, of course, reduced cost-efficiency. In fact, according to Norges Vel it is only now (2010/2011) the organisation is ready to extent its activities to the national level, "however according to available resources" (Norges Vel's comment to first draft of this Report).

5.7 Sustainability

Exit. Norges Vel has taken exit seriously, among others by commissioning a small study from the Norwegian Institute for Urban and Regional Research (NIBR) in 2007. Since 2009, a coordinator has been employed to oversee the exit and hand-over. Most of the legal and practical aspects of Norges Vel's exit from the LLL project in Lipjan are in safe hands although it has taken time to engage the municipality and MEST in taking on their responsibilities.

Given the Kosovo authorities' reputation for mixing business, politics and crime, the question of exit is particularly delicate.

Despite Norges Vel's gradual approach to handing over responsibilities, there are still some problems to be overcome. These problems are connected with the fact that we have to do with a transition from being a relatively generously funded international project to an everyday activity funded by Kosovo's own authorities combined with some self-financing mechanisms (sale of products from the processing units). During the project period the project and all the facilities and infrastructure that went with it were overseen by staff located at the premises and headed by a Norwegian representative. LLL teachers were remunerated generously enough to double their ordinary salaries. Although the municipality has promised to spend money on the school in 2011, the level of day-to-day follow up and pushing will have to be reduced considerably.

The Norges Vel projects have resulted in valuable assets, like a dairy, a meat processing unit, a unit for fruit and vegetable processing, and a café. Norges Vel has put huge efforts into making the processing units economically viable units in order to secure sustainability. The Law on Vocational Education allows schools to sell their products in their own facilities, but not at the open market.

The strategy of making the processing units income-generating is exemplary, but has a potentially dangerous side as the assets may be attractive not only for educational purposes, but for pure business purposes as well.

As the LLL project has been phasing out, the school (owned by the municipality) has taken over the assets gradually. The demonstration farm has been taken over by the school as have the café and the school shop. By and large the school has managed to take these responsibilities, although slowly. In November 2010 the remaining property is to be handed over to the municipality, and an agreement will be made. Norges Vel wants the municipality to commit itself to granting a certain sum for the operation of the school. At the time of writing this report, the municipality has given an oral promise to spend 96,000 euro for the operation of the school the first year after having taken over, i.e. 2011. There will be a transition phase until 2015 during which Norges Vel probably will keep its ownership of all movable property.

One illustration example of the difficulties in reaching sustainability even on a micro level: Students at the LLL A-courses have had to pay fees to one of the Adem Gllavica school's bank accounts. According to the agreement with Norges Vel the school has been obliged to use this money to cover the costs of salaries and other expenses for the A-courses. This has not happened and Norges Vel has paid the LLL teachers' salaries (5 euro per lesson).

So far, to be on the safe side Norges Vel has kept everything which is not nailed as its property. The farming equipment provided by the cooperative project for the machine park is going to be bought by funds created by the rental fees paid by the farmers.

As a learning exercise, all the units, i.e. for meat processing, fruit and vegetable processing, milk processing, the shop, the café and

education/training were made to set up their own budgets for 2009. The idea that sales of food from the processing units will constitute a safe income source in the future is optimistic. Norges Vel reports that training of the staff in the processing units has proven to be more difficult than expected in fields like budgeting and management plans, book keeping systems for economic control, recording systems for price calculations.

In general, the staff seems to be a weak point. Still, after 8 years, reportedly the teachers are reluctant to involve themselves in practicalities and are not always ready to give adequate practical training or the students. There is little reason to believe this will improve when the teachers have to leave the “project zone” (continuous training, double salaries) and enter the everyday realities of Kosovo’s educational sector.

Whether Norges Vel’s withdrawal means that LLL training will go on for long is less clear although the trainings are popular. It could be taken as a good sign that a couple of years ago interested candidates asked for LLL courses on food technology based on a similar module system as the one used for agriculture. When the courses were launched 29 candidates enrolled. The continuation, however, depends on the MEST and the municipality of Lipjan.

The use of the facilities does not have to be restricted to LLL, and probably should not. It does not bode well that the municipality has rejected a proposal from the Ministry of Labour and Social Protection to use the facilities for their job training courses and pay for salaries. The facilities – for instance the dairy – could be used by other vocational schools with an agricultural profile.

5.8 Synergy, coordination and complementarity

The LLL project has been carried out in close cooperation with MEST, and Norges Vel has participated regularly in donor meetings organised by the ministry. MEST’s coordination has gradually improved, but still Norges Vel’s coordination with other donor initiatives to support Kosovo’s secondary education could be better. Two main initiatives could be mentioned as being of

particular relevance for Norges Vel, one by Swisscontact and one by Danida.

Swisscontact runs a project with 11 secondary vocational schools to help develop education that meets labour market needs. Among their partners is The Prishtina secondary vocational agricultural school where students are trained very much the same lines as Norges Vel have promoted in the LLL project, learning students how to plan, plant, grow, harvest, and finally sell the produce. Plans are to set up an Agribusiness learning Centre at the agricultural school in Prishtina as a first step towards status as a so-called Centre of Excellence.

Danish Danida runs a project with MEST to modernise the secondary vocational education in order to make it closely responding to local labour market needs. Danida is working with four schools and cooperates closely with the business development unit in the municipalities where the schools are located.

Since Norges Vel chose to base its *renewable energy project* on a school, it has much in common with the USAID/CHF International's project on infrastructural improvements in Kosovo's school. This project includes building a new school using modern green technology at a pilot school in Prishtina as a replicable model for healthier, environmentally friendlier, more cost-effective schools. It makes use of solar and geothermal energy sources.

The cooperative project is working closely with the FAO and MAFRD although the ministry does not have a separate unit for work with farmers' cooperatives. Also the Turkish international Development Agency (TIKA) and a local NGO (Initiative for Agricultural Development of Kosovo) have been contacted. The national conference on cooperatives was a joint undertaking between the MAFRD and Norges Vel. 37 people participated at this conference representing the same number of organisations.

5.9 Conclusion

Has Norges Vel reached its goals? The education projects ASK and LLL have been going on since on since 2002 following up

activities by other NGO's since 1999. Therefore, it makes sense to ask for results.

The LLL project Document (2008) aimed at three specific results to be reached. The first result to be reached was a well established and sustainable management of the processing units, café etc. By the summer of 2010 this has partly been achieved, but sustainability after Norges Vel's physical withdrawal from the school is not certain. Given the fact that the units are educational facilities it might have been over-optimistic, yet tempting, to claim they would become economically self-going. The second result aimed at was a well established and sustainable management of the centre for vocational education. As of the 2010 the management is good, but it is unclear whether it is sustainable without Norwegian funding, i.e. with ordinary local salaries and working conditions. The third goal was to have cooperating partners take over the total responsibility for future management *in line with the development goals*. Norges Vel tries to obtain this through an agreement with the school. There may be some reason for optimism here, mainly on two grounds. Firstly, the school has been able to attract a growing number of students. Some of this may be caused by the fact that agricultural vocational education is considered the shortcut to formal university admission, but the excellent learning environment created by Norges Vel may also be a reason. The status of Adem Gllavica School is linked to the demonstration farm and educational units brought there by Norges Vel. Secondly, much based on the facilities set up by Norges Vel, there is a chance MEST will bestow the school with a status of school of excellence. Also, the idea to establish an Agricultural College at the school has been aired.

It is symptomatic that all three results aimed at are concentrated on the operation of the facilities. In practice, Norges Vel has seen it as its main task to hand over a sustainable educational facility, and indeed, if Kosovo's authorities wish to encourage practical agricultural and food processing education, they have been given a good starting point. What is more problematic is the fact that Norges Vel does not seem to have monitored outcomes systematically. What do the beneficiaries actually do with their training? This is the more problematic as Norges Vel has had at its disposal a large staff, and beneficiaries have to a large extent been people living in Lipjan.

The cooperative project started up only in 2008. Most other - if not all - attempts at getting cooperatives operative in Kosovo have failed. The cooperative model has proved to be very successful in other parts of Southern Europe, like Central France and Northern Italy. These regions are saturated with “social capital”, a critical factor for cooperatives to work and a factor almost absent in Kosovo, where “amoral familism” reigns. To say the least, introducing cooperatives in Kosovo is a knowledge-intensive operation.

Norges Vel has engaged itself in the preparations for a national organisation of cooperatives and farmers associations. There has been a proliferation of nation-wide organisations sponsored by donors all over the Western Balkans. Often these organisations are premature in the sense that they represent something that hardly exists. A national organisation for cooperatives should develop from the needs of cooperatives and develop “from below”.

Norges Vel – and in particular its project manager – has a praiseworthy open attitude to sharing information about the problems they encounter. The ability to avoid wishful thinking, ok reporting and sweeping problems under the carpet combined with a capacity of being tough and persistent when needed, has probably been conducive to the results achieved.

Norges Vel’s multi-faceted activities have two common denominators. They have all primarily consisted in building up facilities for modern agricultural vocational education and training, and they have all taken place on the premises of Adem Gllavica secondary school with Lipjan/Lipljan municipality as one of the partners. The idea behind has partly been to cover all of Kosovo from the base in Lipjan on the longer term as in the projects on LLL and renewable energy, or, as in the cooperative project to develop a model example for replication elsewhere. On the practical level the extremely “localist” approach has resulted in a strong degree of beneficiary recirculation. Farmers around Lipjan, like teachers and students at the secondary school are target groups of all three projects. In order to secure that project effects reach out of the circle of beneficiaries in Lipjan, the LLL facilities should be made use of by other secondary schools that lack the necessary facilities (like e.g. the dairy) and for trainings arranged by a wide variety of ministries, not only the MEST. There is an institutional

obstacle here, since the municipality is going to be the owner, and may have localist ambitions. This has been an inherent weakness of the project from the outset. When the cooperative project is going to include new cooperatives these should be chosen from outside Lipjan.

Project by project a very well equipped test farm with processing units has been built. In case Kosovo's authorities want to attract young people to agriculture and agri-business, Norges Vel, thanks to Norwegian government spending, has prepared the infrastructure for efficient education, including the field of energy use.

The project on Renewable Energy is relevant for Kosovo and the Western Balkans, and Norges Vel has the necessary competence to transfer knowledge on the issue. Having said that, the project should be treated as an energy project, not an agricultural or agri-business project.

6 Conclusions

Today, agriculture in the Western Balkans is dominated by semi-subsistence farming, and has its primary merits in providing basic food security for households in crisis. As a basis for long-term increase of the population's wealth the agricultural sector is far too inefficient to be of much help. When confronted with the agricultural sectors of the EU and Turkey, Western Balkan agriculture has poor prospects if it is not thoroughly reformed to increase productivity.

Therefore, the relevance of Norway's support to the region's agriculture and agri-business depends on its contribution to modernisation. This, however, was not the case when Norway started its support. Then agricultural projects were relevant if they helped people survive and made refugees able to return, which means projects could be summed up as a success even when they did not raise productivity or contributed to systemic change.

The three organisations reviewed have not been able to get rid of the legacy of the first years of project activities in the Western Balkans, among others manifesting itself in a tendency to construct and build on behalf of the target groups. Also, have all applied a strikingly localist approach for all or most of the time they have been present in Bosnia-Herzegovina or Kosovo. Moreover, SSD, JP and Norges Vel have had a tendency to try and incorporate several desirable objectives, often objectives with no direct link to agriculture or agri-business.

One of the core questions in this review is whether the organisations have been able to adapt to changing relevance criteria. The projects can no longer be justified by referring to individual farmers benefitting from them, but must be conducive to general development.

The three organisations reviewed in this report all started out in the desperate post-war period, and their ongoing activities are continuations of projects from that time. All three organisations explicitly have chosen to work “from below”, beginning with the farmer or the individual cooperative. The farmers need training, material support and buyers.

In various ways and emphasising different elements, the three organisations provide assistance acquiring this. Educational premises and storehouses have been built and refurbished, food processing facilities handed over to cooperatives and rental stations equipped. The houses set up through SSD, the processing plants built by JP and the excellent educational facilities provided by Norges Vel are physically tangible outputs of great value. In order to lead to economic developments through agriculture and agri-business the construction works have been combined with micro credits and training directed straight at target groups, mainly farmers, but also cooperative managers. It is not possible, however, to conclude that the projects have had a significant impact on the role of agriculture in the overall development of Bosnia-Herzegovina and Kosovo. It is not even possible to say that projects have had a significant impact on those targeted directly with micro credits, training and stronger cooperatives because none of the three projects have been able to stimulate the creation of a strong layer of professional farmers.

None of the three organisations reviewed have worked with the entire market chain (producers – vendors – buyers), but rather concentrated on one or two of the links. Recently SSD has developed a four-step model that covers the chain from farmer to buyer, but prior to that focus was on the farmer or potential farmer just like in the case of Norges Vel. JP has focused on processing and on commercialisation, and less on the individual farmers. Despite these differences the concrete project activities of the three organisations are strikingly similar. Suffice it to mention support to cooperatives, micro credits, rental stations, extension services, vocational agricultural education.

Transfer of Norwegian agronomic knowledge has formed an important part of the three evaluated projects, and experts from the Norwegian Agricultural Extension Services have had a role in the two Bosnian projects as trainers.

Today, it is highly relevant to ask whether Norway should continue to build up enterprises or educational facilities in the Western Balkans. Alternatively, Norway could apply a more indirect approach aiming at e.g. enabling Western Balkan agribusiness comply with international and European standards, like JP's HACCP activities is an example of.

The three organisations operate by themselves with little synergy with other ongoing processes in the country. This is problematic. As concluded by Scanteam (Disch 2010a:5) in the evaluation of Norway developmental support to the Western Balkans, Norwegian stand-alone project are less likely to have an impact than projects linked up with larger processes, notably the EU approximation.

The organisations are not very well connected to the country's own political and administrative institutions. SSD's close links to local developmental strategies is a laudable exception, and is thanks to SSD's strong local partner. However, the success remains mainly at the municipal level, and so far only within one of the entities of Bosnia-Herzegovina. JP and Norges Vel do not work through local partners, but through a local office of their own organisation, which may explain some of their isolation. JP's good relations to the Union of Cooperatives in Bosnia-Herzegovina could also be mentioned, but this union is not a strong player in the country's development. Norges Vel has improved its relations to the local municipality where its project activities take place and with the Ministry of Education.

The weak link to relevant authorities could be blamed more on the latter institutions than on the Norwegian organisations, though. In Kosovo as well as Bosnia-Herzegovina the authorities have failed to seize the opportunity of using the organisations' presence to promote agriculture-based development. Poor performance on the part of authorities have little bearing upon the influx of foreign projects and donations as there is a "market" on which donors compete more than the recipient branches of government, in particular in Kosovo.

None of the three organisations have managed to create effects on a national (or entity level). Norges Vel has been extremely attached to one place, concentrating all their activities to one municipality, and to a large extent to the premises of one school, but invite

target groups from other parts of Kosovo to visit. JP has concentrated on the Mostar area in Herzegovina and one municipality in the North, but recently has taken systematic initiatives to include cooperatives in other parts of Bosnia-Herzegovina as partners. Among the three organisations JP has developed the largest impact area geography-wise, and works with cooperatives in both entities. SSD has confined itself to the North-Western parts of Bosnia-Herzegovina belonging to the Republika Srpska entity. Some recent initiatives have been made in the Federation of Bosnia-Herzegovina as well.

Surprising from an outside observer, the three Norwegian organisations have for all practical purposes not been in contact with each other at all until recently. This is despite the fact that they work on the same issues, very much with the same interventions, in the same (type of) country, with the same funder, using the same Norwegian expert environment. Two of the organisations are even located at a few kilometres distance from each other in one of Norway's rural regions, but do not meet or communicate about experiences.

Setting up localised credit lines without professional bank involvement was risky and contrary to basic knowledge about how things work in the Western Balkans. These credit lines suffered from the same obstacles as cooperatives on a larger scale and rental stations on a smaller: Transparency problems, lack of general trust, weakly developed social capital, and beneficiaries pampered by donations to the extent of not accepting the idea of having to pay back are among the factors that should have called for caution. Nonetheless, both SSD and JP were allowed to set up localised credit lines. Both organisations have changed the way of operating the credits, SSD by involving municipalities and normal banks, JP by creating one credit line.

All three organisations are due for exit. Norges Vel has worked systematically and explicitly on it. SSD and its local partner have developed working relations that will make it easy to phase out. They have involved local institutions enough to make the main agricultural project activities self-going, only on a smaller scale when Norwegian funds dry out. Surprisingly, JP, that has received the by far largest amount of funds for its activities is least prepared for exit. In JP's case phasing-out consist in ending being a project

and commencing being a firm. JP's task now is to let cooperatives take over Agroneretva and make sure the firm acquires commercialisation skills.

By 2010 having foreign organisations build schools, processing plants, packing lines and storage houses is anachronistic, and at worst harmful. A sharp line must be drawn between project activities and ordinary public administration or business. Public administration and business development must be the domain of local actors. For the future, Norwegian support to agriculture and agri-business must:

- Be linked to larger processes, notably the EU approximation
- Be indirect, i.e. aiming at supporting the creation of favourable framework conditions for prospective actors in the sector
- Target nation-wide or take a Western Balkan or South-East European approach
- Strengthen agricultural institutions at all levels of government
- When working directly with farmers, target only those who are, or capable of becoming, involved in serious, market-oriented farming
- When involved in capacity-building of farmers, make sure the agronomical services of the Western Balkans countries are involved and strengthened
- Strengthen institutions for quality control, veterinary authorities, laboratories as well as Licencing institutions
- When offering training, micro credits or the like, follow up to check what people use skills for (monitoring outcomes)

7 Input to a possible Strategy for Norwegian support to agriculture, food and rural development in the Western Balkans

7.1 Background

The NIBR Review of the Norwegian Support to Agriculture and Agri-Business in

Bosnia-Herzegovina and Kosovo concluded that a possible continuation should make sure it is linking up with the priorities of the national authorities and international community. In practice, this means that Norway's support will consist in supporting the Western Balkan agricultural sectors live up to the agro-food *acquis communautaire*.

As pointed out in the 2010 Scanteam evaluation of Norway's support to the Western Balkans, projects have been most successful when they are linked up to strong processes and do not stand alone. The processes are now led by the EU. This applies not least for agriculture and development of peripheral regions, which are among EU's main foci. The Scanteam evaluation also pointed at the successes Norway has had as a flexible actor able to react rapidly at challenges the EU would need to spend time on responding to. Therefore a possible future Norwegian strategy for support to the region's agriculture and agri-business will have to be

carefully tailored and targeted to be able to link up with the EU processes, but without duplicating efforts.

In addition, the NIBR Review advised against continuing projects consisting in localised, infrastructural work, like building training facilities, dairies or packing lines on behalf of target groups. Clientification of target groups and authorities by well intentioned donors is probably one of the main factors that have hampered development in Bosnia-Herzegovina and Kosovo since the immediate post-war reconstruction period. Therefore, it is not necessarily so that providing more project opportunities is conducive to development in the region.

Today, ten to fifteen years after the wars, if projects are to stand a chance of being of help they have to address the *systemic factors* that constitute the preconditions under which actors, actual or potential, in the agricultural sector operate. For instance, farmers are in need of nation-wide agricultural extension services. Moreover, they need to develop mechanisms for cooperation, through cooperatives or associations. There is a huge informational deficit among farmers and agro-producers. Agricultural processing industries are in need of product quality control, through operative veterinary, food safety and phytosanitary services.

Norway's support should no longer consist in building up institutions, legal frameworks or procedures. By 2010, the countries themselves should be expected to do this, and Norway's future support should be targeted at institutions, legal frameworks and procedures that have been put in place by the relevant authorities. In other words, Norway should no longer put these things in place for the authorities, but offer support when the authorities themselves have done the job even if this means having to wait for a while. Ten to fifteen years after the wars, there is no reason not to expect the countries of the Western Balkans to put institutions in place and run them.

To sum up, although needs are easily identified, a continuation of the Norwegian support to agriculture and agri-business is not necessarily recommendable. This will be discussed below. In the next section, we will give a short overview of the challenges in the agricultural sectors of Bosnia-Herzegovina and Kosovo.

7.1.1 The possibilities of continued support to Bosnia-Herzegovina's agriculture

Several structural characteristics of Bosnia-Herzegovina make it necessary to be cautious if embarking upon support schemes for its agriculture. Agriculture is not necessarily a developmental motor in Bosnia-Herzegovina. Although agriculture plays a certain role for the country's economy – ten percent of GNP comes from agriculture – the sector's importance still lays primarily in its function as a safety net for vulnerable households. The sector employs one out of two in the informal sector. Nonetheless, Bosnia-Herzegovina is dependent upon food imports, which contributes to the country's trade deficit. For instance, meat worth 45 million euro was imported January-October 2010 (according to news posted on agrolink.ba), most of it from Croatia (7000 tonnes) and Serbia (350 tonnes). Whether this is a problem is debatable since free trade has been adopted in South East Europe (CEFTA since 2007), and trade barriers between former Yugoslav co-republics hardly could be justified by economic arguments anyway. Bosnia-Herzegovina introduced duties on agricultural products from Croatia and Serbia in 2009, but the decision was suspended by the Constitutional Court.

Nonetheless, increasing the agricultural production is not necessarily the most efficient way to solve the country's economic problems. Steel and aluminium are Bosnia-Herzegovina's main exports together with iron and electricity.

Agricultural institutions. Bosnia-Herzegovina has a double problem with its institutions for agriculture and agriculture-related regional development. First, the institutions are weak and their capacities relatively poor. Bosnia and Herzegovina lacks a comprehensive strategy for aligning with the *acquis* on agriculture and rural development. Secondly, institutions mainly exist in the RS and in the cantons of the Federation, not at state-level.

Agriculture at state-level is under the Ministry of Foreign Trade and Economic Relations. The ministry's sector for agriculture, food, forestry and rural development has not increased staffing. There has been no progress towards establishing a state-level Ministry of Agriculture, Food and Rural Development. This latter is a problem for the EU approximation process. Although the EU

emphasises the role of sub-state units (regions) in the everyday running of member countries, the *accession* is a matter between the EU and the central state. For instance, a state-level strategic plan and operational programme for harmonisation of agriculture, food and rural development are in place, but *implementation* is weak.

Coordination of rural development policy is weak. At the state-level the sector for agriculture, food, forestry and rural development did not increase staffing. The Council of Ministers' Advisory Council for agriculture, food and rural development is operational. However, inter-sectoral coordination and participation by the non-governmental sector remain weak.

The state-level capacity for policy formulation is weak, but the entities, i.e. in the Republika Srpska and the Federation BiH, operate according to agricultural policies guided by policy documents. For the RS this is a rural development strategy and action plan, and for the Federation an operational programme for harmonisation of agriculture, food and rural development. However, these programmes and strategies are not linked to the state-level framework. The entities have not increased their overall support for agriculture and rural development, but a larger proportion of this support was allocated to rural development measures. The lack of an efficient administration and effective rural credit schemes impede the competitiveness of farmers and the agro-processing industry.

Limited implementation of the state-level veterinary, food safety and phytosanitary legislation is preventing agro-food establishments from making more substantial progress towards meeting EU standards. There is no coordination between State and entity levels, which hampers the harmonised implementation of legislation. No structures have been set up to implement the IPA rural development component.

European harmonisation. Economically Bosnia-Herzegovina is a thoroughly European country. EU and the ten CEFTA countries – that are to follow EU (and WTO) rules and regulations – are totally dominating exports as well as imports. According to the EU Commission staff working document "Bosnia-Herzegovina 2010 progress report", the EU takes 54.5% of Bosnia-Herzegovina's total exports of goods and 45.9% of total imports in the first eight months of 2010. The countries of the CEFTA region are the

second biggest group of trading partners, accounting for 33.9% of Bosnia-Herzegovina's exports and 26.9% of its imports.

The EU introduced autonomous trade measures in 2000, which allow the Western Balkans countries to export most of their agricultural products to the EU. As long as the production capacity is catastrophically low and sanitary and phytosanitary conditions are poor, exports are small. Bosnia-Herzegovina and the EU have a free trade zone based on the Transitional Agreement and the Stabilization and Association Agreement (SAA) from 2008.

Bosnia-Herzegovina's formal status is that of a potential candidate country. According to the EU Commission, Bosnia and Herzegovina has made only limited progress in aligning its legislation and policies with the EU, and agriculture and fisheries are among the fields that need particular efforts¹. Legislation was adopted, but insufficient implementation of the state-level veterinary, food safety and phytosanitary legislation is preventing Bosnia and Herzegovina from meeting EU standards. Likewise, there has been no progress in setting up the state-level Ministry of Agriculture.

For the European Commission, Western Balkans agriculture is of great importance because of its significant share of the GDP, and the high number of the population active in agriculture. The region's agriculture suffers from structural deficiencies, e.g. the dominance of agricultural holdings which produce primarily for their own consumption (subsistence) or also market a proportion of their output (semi-subsistence farming). Therefore, agriculture is a critical issue in the enlargement context. European Commission experts in the field of agriculture and rural development provide assistance and guidance to candidate and potential candidate countries in their task of preparing for future accession to the EU and more specifically in preparing for the Common Agricultural Policy and Rural Development.

For agriculture to become an economic factor beyond household level, *industry and small and medium enterprises* (SMEs) need to be more developed, but also here preparations are at an early stage.

¹ Communication from the Commission to the European Parliament and the Council: Enlargement Strategy and Main Challenges 2010-2011, Brussels, 9.11.2010, COM(2010) 660.

IPA rural development. The Commission has allocated 440 M€ of support to BiH in its transition from a potential candidate country to a candidate country for the period 2007-2011 under the Instrument for Pre-Accession Assistance (IPA). Rural development is one of IPA's five components, and is tailored to assist Bosnia-Herzegovina prepare for the common agricultural policy and related policies and for the European Agricultural Fund for Rural Development. IPA-RD (i.e. the Rural Development component of IPA) provides assistance to candidate states to prepare rural development programmes of a type that can be financed by the EU after accession. Therefore, IPA-RD's conditions and criteria are similar to the ones that are already applicable in member states rural development.

The Ministry of Foreign Trade and Economic Relations has appointed working groups on the payment agency and managing authority for IPA rural development structures. The entities increased their staffing and continued to build up paying agencies, particularly Republika Srpska. The Council of Ministers adopted a decision on the location of the Office for Payment Harmonisation and allocated budget for additional staff. However, the office is not operational.

Veterinary and phytosanitary policies. The European Commission reports that there has been little progress in the field of food safety (i.e. regarding bacterial contaminants, pesticides, inspection and labelling) as well as animal and plant health. This has a negative impact on trade in agricultural products.

There are some small improvements though. In the veterinary sector, legislation on animal health and welfare has been adopted. The assessment of food laboratories has been completed and inspectors are being trained. Conditions were established for placing certain imported products on the market.

The State-level veterinary law has not been amended. This hinders alignment with the *acquis* and harmonisation of entity-level legislation. Because of budgetary restrictions the small staff within the state-level administration for food safety, veterinary and plant health has not been increased. The division of competences in the sector is unclear, and there is an overlap between the veterinary and food safety sectors. Veterinary diagnostic laboratories have not been accredited, and a national food laboratory plan is lacking.

Reference laboratories have yet to be designated and testing capacity to be upgraded. Implementation of existing legislation remains weak. No steps were taken to upgrade agro-food establishments. Enforcement capacity of inspection services and laboratories remains weak.

In the phytosanitary sector, implementing legislation was published which paved the way for the potato monitoring programme which enhanced Bosnia and Herzegovina's export capacity.

Amendments to the legislation on plant protection products were adopted. The national list of varieties has been adopted. Bosnia and Herzegovina began to implement the Rotterdam Convention by nominating the Plant Health Agency to be the designated national authority.

Agricultural statistics and Register of agricultural holdings. The lack of reliable statistics hampers the development of agricultural policies. According to the European Commission, limited progress has been made towards improving agricultural statistics. An action plan for developing a Farm Accountancy Data Network in selected municipalities has been agreed. Preparations have started for the agricultural census, which will be carried out after the population and household census.

It has been decided at state-level to establish a monitoring and evaluation system for agriculture, food and rural development. The information system for the integrated register of agricultural holdings is being tested. However, land registration systems have not been harmonised between entities and state, and land management needs to be improved.

In Republika Srpska and the Federation of BiH, a pilot project on register of agricultural holdings started late 2010. According to the plans, early 2011 a new register will be installed that will provide registration of all parcels used for farming purposes. The new registration system identifies family farms, commercial as well as non-commercial farms, and a distinction will be made between farm holdings that produce for self subsistence and those that produce for sale on the market. If successful this will enable better targeting of interventions.

Central European Free Trade Agreement. Bosnia and Herzegovina has been implementing the CEFTA in its endeavours to prepare for a free trade zone among the non-EU members of South East Europe. A law that protected domestic agricultural and related products by reintroducing customs duties, contrary to the CEFTA and to the Interim Agreement, was abolished, following a ruling by the Constitutional Court.

World Trade Organisation. Negotiations to join the *World Trade Organisation* have continued, but the process has not been completed. Some progress has been made in the accession negotiations with the World Trade Organisation (WTO). The WTO working party met for a seventh time. Bosnia and Herzegovina has brought more legislation into line with WTO requirements. The country proceeded in its bilateral negotiations, in particular on market access for goods and services, and in multilateral negotiations on domestic support to agriculture and export subsidies.

7.1.2 The possibilities of continued support to Kosovo's agriculture

Among the countries of the Western Balkans, Kosovo has the largest share of inhabitants living in rural areas (60 percent). Agriculture accounts for over 20 percent of Kosovo's GDP, and between 25 and 42 of the total population is employed in the sector. Agriculture accounts for 16 percent of the value of total exports percent of all employment, mostly in the informal sector².

No less than 78 percent of the private farms are less than 2 ha (2004)³. The average farm size is small, around 3 ha. Agricultural productivity is low, and Kosovo has to import food. Domestic production stands for 25 to 35 percent of local demand for agricultural and food products.

The rural areas are poor and basic services, like water supply, sewage systems, health services and education facilities are in a

² "Agricultural Master Plan Kosovo. The Rural Development Context of Kosovo." Agricultural and Rural Development Plan for Kosovo 2007-2013, Ministry of Agriculture, Forestry, and Rural Development.

³ The corresponding figures for BiH is 49 percent, Serbia proper 43 percent, Macedonia 48 percent, Albania 90 percent.

poor condition despite Kosovo having been the region's biggest receiver of aid per capita over the last ten years. For instance, only 28 percent of Kosovo's homes are connected to a sewage system. The progress in education among the Albanian-language population made during the 1970' and 80's were halted during the Milošević regime and the parallel society of the 1990's. Kosovo's rural settlement pattern is not reflected in people's minds. Whereas many city dwellers in other parts of Eastern Europe retain a longing for the rural, the Albanian-speakers of Kosovo's villages seem to be mentally oriented towards trade and income generation abroad. Agricultural products generally do not meet international standardisation and certification requirements necessary for exports. The expertise in the sector remains very low. Advisory services are for all practical purposes non-existent despite foreign support to their development. Although Kosovo is backward and rural, agriculture is not an obvious sector through which help to boost the economy should go.

Agricultural institutions. To the extent Kosovo's current institutional set-up is a reflection of Kosovo's own priorities agriculture does not play a significant role. The Ministry of Agriculture is weak and spending on agricultural support is small.

European harmonisation. The European Commission holds Kosovo's EU approximation in the field of agriculture and food safety to be at an early stage. Overall, there has been little progress in the areas of agriculture, veterinary and phytosanitary matters and fisheries.

Adopted legislation needs to be implemented and agri-business be upgraded.

The Kosovo Agriculture and Rural Development Plan 2007-13 is written to accommodate requirements of EU approximation. The Plan has four axes:

- Competitiveness
- Environment and improved land use
- Rural diversification and quality of rural life
- Community-based local development strategies

Emphasis is put on Competitiveness, which is to be achieved mainly through restructuring of farms, vocational training, advisory services, irrigation and agro-processing.

7.2 Three alternatives

As an exercise to make opportunities and obstacles visible we will discuss three possible alternatives for Norway's future support to agricultural development in the Western Balkans. The first alternative consists in brushing up the existing system of support through Norwegian organisations. The second alternative simply consists in discontinuing the support to agriculture whereas the third alternative is to develop a new concept for the support.

7.2.1 Alternative 1: Brush up the existing system of support through Norwegian organisations

Although the Review points at serious deficiencies in the way the Norwegian agricultural projects are carried out, shutting them down is not necessarily the only solution. Hypothetically, adjustments within the existing framework could lead to projects with more impact than has been the case hitherto. After all, the three Norwegian organisations have built up a certain competence and credibility through their concentration on working directly – “from below” – with farmers, cooperatives and municipalities. SSD has a good grasp of working with the municipalities on developmental and agricultural issues. JP has gained hands-on experience in working with cooperatives. Norges Vel has insight in training needs among farmers. Moreover, many of the three organisations' activities are easily replicable, like JP work with cooperatives, SSD's work with municipalities and Norges Vel's agricultural adult education courses.

The fact that all three organisations have worked with cooperatives over time is an asset. Norges Vel's hard-earned experience in supporting farmers' cooperation in Macedonia should also be mentioned. Most likely, cooperation among individual farmers is a crucial factor for agriculture to become a developmental factor. Therefore, the experiences of the Norwegian organisations may prove to be valuable. After all, not many other foreign

organisations have been working closely with cooperatives over time. Moreover, many of the project activities are highly replicable and could potentially be carried out nationwide. It should also be mentioned that there is a great deal of enthusiasm in and around JP and SSD that add considerable value to the projects. There certainly are pieces to be picked up, but as the Review shows, the weaknesses of the projects are legion, and it is questionable whether they can be overcome.

7.2.2 Alternative 2: Discontinue the support to agriculture

So far, the projects reviewed at times have caused change for those directly targeted, but effects and impacts beyond the project circle are negligible. Whereas the direct approach of the project activities is an asset, it is also problematic as long the approach is not followed up by strategies to cause systemic change. The links to the countries' own agricultural strategies have been weak. Moreover, the project activities have not been informed by scholarly knowledge and analysis of the societies in which the project interventions are meant to have an impact. Neither has systematic learning between "doers" been organised. When setting out to assist farmers' cooperation, the lack of systematic use of knowledge has been a drawback.

Another weakness of the projects is the lack of harmonisation and interaction with local, regional and national authorities. To a large extent the projects have been "stand alone", but the project owners are not the only ones to be blamed for this flaw. Partly being under guardianship by the international community, the authorities of Bosnia-Herzegovina and Kosovo are still weak. Moreover they have fallen victim to the effects of being in the receiving end of the aid machinery which has made them prone to leave the initiative to "donors". Sadly, on this point the Western Balkans is no exception to the rule too well known from the third world.

Moreover, agriculture has not figured high on the priority list, especially not in Kosovo. The three Norwegian organisations' projects presuppose active authorities with a developmental strategy based on agriculture and agri-business. Had this kind of authorities been in place it would have made sense to have

Norwegian actors doing practical things, like building demonstration farms, financing dairies and distilleries and the like. For a continuation of the present type of activities to be a good idea, the links to overall strategies – as weak as they might be – must be strengthened, but it is questionable whether the three Norwegian organisations on their own possess the type of skills needed to make it worthwhile venturing beyond concrete project activities and link up with national policy processes.

Agriculture is not necessarily the sector that should be chosen for support. Given the findings in the Review the current projects could be discontinued without much harm. Besides, Norway's comparative strength as a mentor probably does not lie in profitable agriculture.

Norway's general support to the region is going to concentrate on Bosnia-Herzegovina and Kosovo. In neither of these countries agriculture has a prevalent place in national development strategies. Neither does it play a big role among industrious people as individual strategies beyond mere subsistence farming. There are not many ongoing processes or trends to link up with apart from those already to be handled by the EU.

To speak "evaluation language", agriculture projects risk ending up as outputs never reaching outcome and impact levels. Put differently, there may be many training events and micro credits distributed (project outputs), but very few who make use of new skills or establish viable farming helped by cheap credits (project outcomes) and therefore the support will not make an impact. This might well turn out to be the case even with updated agricultural projects that target systemic factors, like hygiene requirements, certification etc. If there does not exist – or is likely that the project will lead to – a critical mass of serious farmers and agribusiness companies' project activities will never arrive beyond output level. Realistic prospects that outputs develop into outcomes and later impacts *is the most fundamental precondition* for an agricultural strategy to be worthwhile.

Another reason to be reticent about further support to the agricultural sector is simply that there is already enough agriculture in Europe. Having waged civil war while other countries of the European East prepared for the EU and entered it, the countries of the Western Balkans, are outsiders and latecomers at the same

time. It is going to be extremely difficult to export agricultural products – or to substitute imports from the EU and Turkey. The idea of concentrating Norwegian funds on developing the agricultural sector needs good arguments.

7.2.3 Alternative 3: Updated support to agriculture and agri-business

The arguments put forward under Alternative 2 above, of course, do not mean that the idea of Norwegian support to agricultural development in the Western Balkans necessarily have to be abandoned. Projects responding better to current – rather than earlier – challenges in Western Balkan agriculture might be conducive to the development of the region.

The Western Balkans has changed. In case a decision is made to continue Norwegian support to agriculture and agri-business in the region the strategy should abandon some of the approaches applied hitherto by foreign helpers in the region.

First, the assistance should be directed at supporting the creation of *framework conditions* for agriculture and agri-business (from fork to farm) to develop. While concentrating on framework conditions future support should explicitly leave earlier practices behind. This means that direct support to specific beneficiaries, like individual farms, cooperatives or processing plants should be avoided. Furthermore, support consisting in doing things *on behalf of* – or *instead of* – authorities, institutions or target groups should be banned. This means that projects like Norges Vel's building and running of adult education training facilities or JP's running a sales organisation on behalf of individual cooperatives' belong to the past.

Four basic framework conditions could be singled out as being in need to be put in place:

- quality control of products to apply with international standards
- advisory services
- information among farmers and processors
- cooperation among farmers

Quality control. The region needs to produce food under an approved safety system which covers the entire sector from 'farm to fork'. Problems in applying with international standards are one of the main bottlenecks of the agricultural sectors in the Western Balkans. Veterinary, sanitary and phytosanitary conditions need to be improved and reliable control mechanisms need to be put in place. Otherwise, agriculture will not be able to develop beyond the level of municipal markets. The improvements must be the responsibility of the authorities in the region's countries, and a too heavy involvement financially from external donors probably will lead to a postponement of "local ownership" to the issue. When "ownership" is in place and the countries run their institutions and trainings in a promising way, the Norwegian strategy should consist in offering professional advice and formal education (not only training).

Advisory services. Farmers' low level of competence is a major problem. There is a huge need for agricultural extension services. Just like in the case of quality control, international actors should no longer see it as their task to build up the extension services. This is a task for the relevant authorities. When the services are brought up to a reasonably good level, the Norwegian strategy should consist in offering formal education of agricultural experts to work in the services. Norwegian advisory services have already gained experience through the JP and SSD projects.

Information. Farmers and food processing industries are in constant need of information about prices, weather conditions, offers, demands etc. Information has tended to be local, slow and incomplete. Measures have been taken to alleviate this situation, like the Agrarni informacioni centar and Agrolink in Bosnia-Herzegovina, the latter with financial support from Norway.

Cooperation among farmers. The farmers of the Western Balkans, like elsewhere in Europe, need to cooperate to overcome problems resulting from the small size of the holdings. Cooperatives and associations have been established, most of them as entirely or partly donor-supported projects. They have not been considered a success, and the idea of organised farmer cooperation has not spread among farmers themselves. The projects to support cooperatives and associations have not been based on thorough preparations based on what is known about social capital in the

Balkans. If a decision is made to continue trying to encourage farmers' cooperation, the issue must be studied systematically with the aim of finding practicable solutions on how to overcome obstacles to cooperation.

Secondly, there is reason to be *restrictive when it comes to funding training*. Over the last ten to fifteen years the inhabitants of the Western Balkans, and in particular Bosnia-Herzegovina and Kosovo, have been offered training in generous amounts and on a wide variety of relevant subjects. This means that target groups eager to get updated, have had ample opportunities to do so. As the immediate post-war period is over, further training needs should be covered by local actors, i.e. authorities, business and agricultural people themselves. When authorities and target groups are willing to invest in a training programme, it is a robust indication of their commitment and belief in the programme's or seminar's usefulness.

Thirdly, the strategy should include rural development in a broader sense. Over-population of the countryside is a major problem in the region, and one of the reasons agriculture remains underdeveloped. Diversification into non-agricultural activities is needed. Therefore, creation of work-places in industry and the service sector in urban and semi-urban and when possible also in rural areas, is part of the total picture. The strategy for agricultural and agri-business support should take this into consideration and be open to support activities outside agriculture *stricto sensu*.

Fourthly, in line with CEFTA *a regional approach* should be applied. The new countries in the region have a certain propensity, at least rhetorically, to acclaim the principle of self-sufficiency. Having to import food from neighbouring countries, for instance, is often implicitly or explicitly, portrayed as a problem. Given the new countries' modest sizes and unequal preconditions for farming combined with the fact that they (except Albania) have belonged to a common economic space since 1919, make the idea of agricultural protectionism and self-sufficiency harmful. In stead intra-regional trade with agricultural products should be encouraged. Moreover, the fact that agriculturally Croatia and (parts of) Serbia are far ahead of the prospective focus countries for Norwegian assistance, Bosnia-Herzegovina and Kosovo,

should be made use of for dissemination purposes. This should be reflected in Norway's strategy for agricultural support.

7.3 Conclusion

Agricultural policies of the Western Balkans are shaped by the EU. As potential candidate countries Bosnia-Herzegovina as well as Kosovo will have to adapt to the EU rules and prepare for the EU funds and financial mechanisms. The Norwegian support to the region's agricultural sectors must be carefully aligned with the EU support and EU requirements, either by contributing to the EU efforts or by complementing the EU on issues not covered by the Union.

Ten to fifteen year after the wars in the region, it is time to consider the possibility that continued aid itself may prove to be an impediment to development. A possible future strategy for Norwegian support to agriculture and agri-business must shut out anachronistic projects. Only project that are de facto run by the region's own actors (authorities, organisations, businesses) should be given support. Activities that lead to improved *framework conditions* for agriculture and agri-business should be prioritised.

References

- Bajramović, Sabahudin, Sophia Davidova, Matthew Gorton, Dragana Ognjenović, Malin Pettersson and Ewa Rabinowicz (2006): Competitiveness in the Agricultural Sector of Bosnia and Herzegovina, Livsmedelsekonomiska institutet, Report 2006:5
- Ćejvanović, Ferhat, Zorica Vasiljević & Zoran Grgić (2008): Influence of Supporting Agrarian Policy Measures onto Increase of Cattle Production in Bosnia and Herzegovina, *Agriculturae Conspectus Scientificus*, Vol. 73, No. 1 (1-7)
- Disch, Arne et al (2010a): Evaluation of the Norwegian Development Cooperation with the Western Balkans, Norad Report 7/2010, Volume I
- Disch, Arne et al (2010b): Evaluation of the Norwegian Development Cooperation with the Western Balkans, Norad Report 7/2010, Volume II
- European Commission. (2004). Functional Review of the Agricultural Sector in BiH
- FAO (2004): A Strategy for Education for Rural People in Kosovo (2004 – 2009)
- Hanson, James C., Miodrag Matavulj, Gregory Manzuk, and John G. Richardson (2007): Agricultural Cooperatives and Unions of Cooperatives in Bosnia and Herzegovina: Opportunities for Improvement, Department of Agricultural and Resource Economics, The University of Maryland, Working Paper 07-02

- Holm-Hansen, Jørn, Mensur Vegara, Thor S. Larsen, Sreten Andonov, Dane Bosev and Fatmir Selimi (2006): «Review of Norges Vel's agricultural projects in Kosovo and Macedonia 2002 – 2006», Noragric Report No 34
- International Crisis Groups (2010): The rule of law in independent Kosovo - Executive summary and recommendations, Europe Report No. 204
- Latruffe, L., S. Davidova & Y. Desjeux (2008): Perpetuation of subsistence farming in the Western Balkans: The role of factor market imperfections, paper presented at the 82nd annual conference of the UK Agricultural Economics Society
- Mehmetaj, Lumnije (2010): Career education and orientation year: Effective transition tools from general schooling to vocational education – The case of Kosovo, in: Innovative Apprenticeships, Felix Rauner et al (eds), Berlin: Lit Verlag
- Ministry of Agriculture Forestry and Rural Development (2009): Agriculture and Rural Development Plan – Update for 2009-2013, Prishtina
- Statistical Office of Kosovo (2007): Agricultural Household Survey 2007
- Putnam, Robert D. (1993) Making Democracy Work: Civic Traditions in Modern Italy, Princeton: Princeton University Press
- Republic of Kosovo (2008): National Report on the Development and State of the Art of Adult Learning and Education, report for the CONFINTEA VI Conference
- UNDP (2009): The Ties that Bind – Social Capital in Bosnia-Herzegovina, National Human Development Report 2009, Sarajevo
- Ymerhalili, Vjollca, Beke Mulaj and Shehindere Dedushi (2009): Evaluation of Norges Vel's Pilot Project on Life Long Learning, written by Leader of the Working Group, an

Official for Monitoring at Division for Standards,
Monitoring and Evaluation-MEST,— Teacher at Secondary
Agricultural School "Abdyl Frashëri"—Prishtine

Zekić, Stanislav, Milivoj Gajić & Koviljko Lovre (2009): Partial
productivity of agriculture in the Western Balkan countries –
implication for competitiveness of the rural economy, paper
at EAAE Seminar, Belgrade, December 2009

List of interviewees

For group interviews names are listed together

Tobias Svenningsen, Assistant Director General MFA, Oslo

Olav Reinertsen, Senior Adviser, MFA, Oslo

Arild Lie, Sørnes potetpakkeri, 14 June, Sandnes,

Odd Berg, Ellinor Aurenes, Kåre Inge Olsen, Ragnvald Ramstad (Sandnes-Dubrovnik group), Sandnes, 11 June

Per Kverneland, administrative director Jæren Produktutvikling, Bryne, 14 June

Jorunn Tønnessen, project coordinator for Western Balkans Norges Vel, Oslo, 15 June

Kjetil Køber, Western Balkans Section MFA, 16 June

Torill Langlete and Henrik Malvik, Western Balkans Section MFA, 16 June

Vidar Anzjøn, project manager Kosovo, Norges Vel, Skjetten, 17 June

Øyvind Ørbeck Sørheim, head of international projects Norges Vel, Skjetten, 17 June

Jan Braathu, ambassador, Sarajevo, 22 June and 2 July

Sanscho Ramhorst, project director Excellence in Innovation programme and Katica Poljo, business development manager, Sarajevo, 22 June

Amira Vejzagić-Ramhorst, programme specialist USAID, Sarajevo, 22 June

Slobodan Marković, Ratko Puzar and Nikola Dragović, Reconsult, Derвента and Banja Luka, 23 June and 25 June

Milorad Simić, mayor of Derвента, 23 June

Zdravko Grozdanović, farmer and president of the assembly of Agroposavina cooperative, Polje village in Derвента, 23 June

Savo Kasapović, mayor of Teslić, 24 June

Drago Gverić, agro-engineer in Teslić municipality and consultant for SSD, 24 June

Drago Đurđević, chairman of the Agrotres, cooperative, Teslić. 24 June

Zoran Tomić, farmer, Čečava village in Teslić municipality, 24 June

Dragan Mišić, head of developmental department of Teslić municipality, 24 June

Ljubo Plavšić, secretary of the Kostreš Foundation, Kostreš 24 June

Nedo Plavšić, farmer, Kostreš village 24 June

Mile Cvetković, farmer, Kostreš village 24 June

Zoran Kovačević, deputy minister of agriculture RS, Banja Luka 25 June

Mile Dardić, professor, University of Banja Luka – faculty of Agriculture, Banja Luka 25 June

Dijana Jaskić (technical director) and Vladimir Iveljić (administrator), AgroLink, Banja Luka, 25 June

Snježana Rajlić, mayor, Branko Bogdanović, head of municipal department for business and agriculture, Novi Grad, 28 June

Milan Antonić, director, Agro Japra cooperative, Japra (Novi Grad), 28 June

Šenisa Džafić, farmer and chairman of Agro Japra cooperative, at the farm in Gornji Agići, 28 June

Hazim Dizarević, farmer, at the farm in Gornji Agići, 28 June

Marinko Kostadinović (director of Agrouna Cooperative),
Branislav Vuković (member of the cooperative and former mayor),
Donje Vodičevo, 29 June

Milena Vuruna, farmer, Donje Vodičevo, 29 June

Zlatko Pružić, Dragan Pružić, Rade Pružić, farmers, Prusci, 29
June

Naim Osmančić, director, Konjic Milk, Konjic 30 June

Aida Bubalo (head of the Course Centre), Vahid Alibegović (head
of municipal department for development), Ramo Debančić (head
of municipal department of agriculture), Zahid Borić (head of
srednja škola in Konjic, upper secondary school), Zafet Alić (vice-
head of srednja škola)

Dragi Žujo (project leader Jæren Produktutvikling), Nada Žujo
(project officer Agroneretva) and Svijetlana Tikveša (project
officer Agroneretva), Mostar, 30 June

Asim Bilal, director, PZ Dubrave, Domanovići (Čapljina), 30 June

Branislav Miković (mayor), Radenko Zirojević (director of
Nevesinje cooperative), Lidia Bratić (employee), Nevesinje, 1 July

Stjepan Miličević (chairman), Blago Markota (administrative
director), Agropod, Čitluk, 1 July

Dragan Dadić, director, Sunce cooperative, Čapljina, 1 July

Slavko Dobričić (chairman), Nagib Hadžić (deputy chairman),
Vesna Kolar (project coordinator), Cooperative association of
Bosnia-Herzegovina, Sarajevo, 2 July

Jon Hanssen, deputy head of mission, Norwegian embassy in
Prishtina, 16 August

Magballe Hyseni, project officer for Norges Vel's cooperative
project, Lipjan, 16 and 18 August

José Luis Ramos, senior advisor and temporary head of Norges
Vel's office in Lipjan, Lipjan 16 August

Hysni Thaçi (director of the department for rural development
and advisory services) and Xhevat Lushi (advisor to the minister),
MAFRD, Prishtina, 17 August

Afërdita Jaha, Official for Non-formal Education in MEST,
Prishtina, 17 August

Vjollca Ymerhalili, Official for Evaluation and Standards in MEST,
Prishtina, 17 August

Mustafë Kastrati, project manager GTZ Kosovo, Prishtina, 17
August

Kurt Nielsen (International Education Advisor), Milazim Makolli
(national agriculture advisor), Fikrije Zymberi (programme
manager), Danida Kosovo, Prishtina 18 August

Ismajl Mustafa, president of Agrocoop cooperative, Lipjan, 18
August

Shukri Buja, Mayor of Municipality of Lipjan, 18 August

Njazi Ibrahim, Official for Rural Development at the Department
of Agriculture, Forestry and Rural Development, Municipality of
Lipjan, 18 August

Vjollca Krasniqi, project manager Swiss Contact, Prishtina 19
August

Nenad Rašić, Minister of Labour and Social Welfare, Prishtina 19
August

Fahrije Reqica, farmer and member of Agrocoop, Rubovc village
in Lipjan, 20 August

Jeton Mziu, former LLL student, Lipjan, 20 August

Mentor Thaqi, board member of the Alliance of Kosova
Agribusinesses (AKA), Prishtina, 26 August