



# **CONSTRAINTS AND OPPORTUNITIES OF PRODUCER ORGANISATIONS IN ALBANIA**



*CASE STUDIES FROM VILLAGE, DISTRICT AND NATIONAL LEVEL*

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# 1 CONTEXT

## 1.1 Albania

During the transition in the early 1990's from a strictly planned economy to an open market economy, farming in Albania underwent dramatic changes. The land of the agricultural cooperatives and state farms was given to (or rather, was taken by,) the former workers. The other assets were sold to them. The main bottlenecks for the new farmers are: small farm size (1.4 ha on average), fragmentation of the holdings, poor input supply, lack of marketing opportunities, poor functioning of the irrigation system and lack of knowledge (specially on plant disorders).

The mountainous districts (mostly in the North and the North East) differ considerably from the (Southern) coastal areas. In the latter the land was equally divided between all families. In the mountains the land was given back to the former owners. Due to the high population density (caused by the policy of the former regime to prohibit free movement of people) the average farm size is only 0.5 ha, with some families having near to nothing. In the south the quality of the land is better as well as the opportunities to migrate (legally or illegally) to Greece and Italy. The infrastructure in the mountains is also much worse, leading to isolated villages and great difficulties in input supply and marketing.

A description of the context is not complete without a reference to the history of Albania and the severe turmoil the country experienced in the last decade. Being a relatively small group of people, living in a large inaccessible area (mountains and swamps) for centuries Albanians have been occupied by others: Bulgarians, Serbs and for over four centuries by the Turks. All invaders discovered that Albanians are proud people who prefer to manage their own lives in the village without too much interference as this could upset the carefully constructed local balances of power which has grown over the centuries in the isolated villages. How precarious these balances are can be seen from the very detailed regulations for all aspects of daily life in the Kanun of Lek Dukagjini, a set of laws and regulations dating from the middle ages which in many villages has been and still is more important than the laws of either the Turks or contemporary governments. Its main values are hospitality and the honour of the family/household/clan. Breaching these provokes a bloodfeud.

Specially in the North (but also elsewhere) dishonouring of a family or disputes over land, water and women can result in the killing of one of the male members of a family; this sparks a series of killings of males of both families which can continue for decades. In daily activities the primary social unit is the households, ruled by its head who controls the income of all household members. Other members do not have the right to enter into legal transactions without his permission.

Only in 1912 Albania proclaimed its independence. Since then it had several governments but only the autocratic King Zog in the 1930's and the stalinistic dictator Enver Hoxha (1945-1985) established stable governments. During the communistic period the suppression of private ownership and private initiative was extreme. People were not allowed to possess even a chicken and expressing even the slightest criticism on the party could lead to imprisonment for years. Farmers (that is members of the co-operatives and workers on the state farms) were not supposed to think independently: everything was by the very centralised planning system.

Absurd decisions were taken for granted. When a high official ordered the harvest of cotton although it was not yet ripe, hundreds of people harvested the unopened bolls and tried to get the still wet lint out of it. At local level technicians distorted statistics and other data in order

to cope with the incomprehensible central plans. The central government was misled in all aspects: even the amount of arable land and water in reservoirs was seriously underreported in order to be able to show high yields on paper. Over the decades people became immune to plans. They knew that since nothing functioned properly, one could always find some excuses for failing to meet the demands of the plan. It was more efficient to invest in personal and political relations, so that these excuses would be accepted, than to really try to fulfil the plan.

This attitude prevails until today. In the socio-political sphere the loyalty to the clan or political parties is more important than to the public interest. Public office is gained through political influence rather than through technical competence or managerial merits. At village level the traditional values of the Kanun revived after decades of suppression by the communist regime. This social constellation in combination with the complete economic collapse in the early 1990's provides a good breeding ground for mafia type of activities. One result has been the spectacular growth and collapse of the so called pyramid schemes in 1997. In this process many Albanians lost their savings overnight, in total 1.2 billion US\$, or 400 USD/cap.

Although the existing of these pyramids was an expression of the transition, their collapse became a political factor as such. The complete lack of law and order during several months inflicted deep wounds in society, specially as nearly everybody has (automatic) arms these days. The newly elected government of the Socialist party has not been 100% able to restore law and order. At present the criminal rate is very high and the corruption in Albania ranks among the highest in the world. With a corrupt and inefficient judicial system the prospects for quick improvements are grim.

## **1.2 Fier Agricultural Programme**

The Fier Agricultural Programme (FAP) is a bilateral project of the Dutch and Albanian governments, implemented by Stoas (Dutch consultant) in co-operation with the Dutch Government Service for Land and Water Management. FAP operates in Fier district in the southern coastal plains of Albania. In the district about 34.000 farming families, each own about 1.4 ha, consisting of about 4 plots scattered around the villages in which they live.

FAP started in 1993 with two pilot years. In 1995 a comprehensive project started, working on agricultural education, on farm research, irrigation, support to the District Department of Agriculture and Food (to establish a clear strategy) and support to Producer's Organisations. The main objectives for this second phase (1995-1999) are:

- a functional set of Government Services, able to meet the needs of farmers in terms of knowledge and skills;
- establish and support effective farmers organisations.

For the second objective FAP worked with Water Use Associations (WUAs) and with Private Farmer's Associations (PFAs) at village level. The latter are involved in securing the input supply for their members or in the marketing of their produce. As a spin off of the work with some PFAs on seed potatoes, FAP was the driving force behind the establishment of the Albanian National Seed Potato Association in 1999. Another offspring of the work with PFAs was the creation of an association of farmers, traders and processors which runs a Centre for Agro-Business and Information in Fier district.

## 2 DESCRIPTION OF ACTIVITIES AND IMPACT

FAP has worked in four different ways with producers organisations:

- village level Private Farmers Organisations;
- district level Association to run a Centre for Agro-Business and Information;
- the Albanian National Seed Potatoes Association;
- Water Use Associations.

Each experience is treated separately, before some general conclusions are drawn. The information is mostly based on project documents of FAP and the WB-IRP. Throughout the paper financial issues are discussed in Albanian Leks. In the beginning of the activities of FAP (1993) 1 US\$ was about 90-100 Lek, at present 1 US\$ is about 140-150 Lek.

### 2.1 Private Farmers Associations

Since 1994 FAP supported Private Farmers Associations (PFAs). The initial analysis was that farmers should organise themselves in order to control a larger share of the production column. A marketing study was done into possibilities for this. Three options were identified:

- milk collection at village level in order to attract better prices from traders;
- production of bell peppers for the market in Western Europe;
- purchase of high quality Dutch seed potatoes of early varieties
- market the produce together.

Four 'PFA-manager' were appointed by the project to guide farmers through the process of establishing and operating a PFA. Three of them were also member of the association. On Technical issues they were supported by some short term Dutch consultants; a long term expatriate advisor worked with them on organisational aspects. They had a series of meetings with the farmers, both on technical- as well as organisational issues. In all cases they extensively discussed the statutes and by-laws of PFAs. In all cases democratic elections were organised to elect a board and a chairman.

#### **Milk collection center**

In Vedishte a milk collection association was established in 1995 with 147 members; statutes and by-laws were made in an extensive dialogue with the farmers; cooling facilities were installed (owned by FAP and given in usufruct to the PFA) and a contract was signed with a processor who collected the milk for a good price. Two people were employed to control the quality of the milk. The project initially subsidised the salaries of these as well as the rent of the building; the subsidy was to be reduced over time. After about seven months the association ceased to function. The main reasons were:

- when competing private traders offered slightly higher prices for a short period some farmers brought their milk there;
- the employees were forced to accept poor quality milk from the members (the argument being that they would get their salary anyway);
- the statutes and by-laws were not implemented; so no membership fees were paid and the association did not save any money: all income for the milk was directly passed on to the farmers who delivered milk.

The final result that when the processor stopped collecting the milk because it was of too poor quality, the board did not manage to re-start the activity. Discussions with the board

showed that it was not able to lead the farmers and that the farmers did not feel any ownership or responsibility towards the association. Despite the clear contracts, the leaders of the PFA and the village pretend that the equipment is theirs and they stir up hostile feelings in the village towards the project. Until today it is impossible for the project staff even to see the equipment although it is still there and not used.

### **Women association**

In Pojan a women association (with 86 members) wanted not only to collect milk, but also to process it. For this it wanted to use one of the tunnels made in the village for military purposes. After a struggle of more than a year the ministry of Defence allowed them to use it for cheese making. Next they managed to get a processor interested in renting the tunnel to establish a processing unit with enough capacity for all the milk of the women and even much more. However by that time a farmer had illegally occupied the tunnel as a shelter for his sheep and the local police did not want to assist the group in removing him. Long discussions with local politicians responsible for the situation revealed only that they wanted to use the group for their own advantages. They wanted to change the board of the women group and when that proved impossible they wanted another processor to be offered the possibility to work in the tunnel. The final result was that the women did not manage to get the tunnel and simply sold their milk to a local processor who had started her business in the meantime.

Since then the group remained also active in visiting other groups to exchange ideas and in learning foreign languages (English; Italian). Recently it earned some money via a contract with a local NGO to plant trees and scrubs around the new primary school in the village. In 1993 in Qarr and in 1994 in Levan two Associations of Bell-pepper producers (13 and 20 members respectively) were established which were supplied with Dutch bell-pepper seeds (partly on credit). They were given technical advise on how to produce these and a sales-contract was signed with a processor from Tirana who in turn had a contract (facilitated by the project) to deliver frozen bell-peppers to Germany. Despite some technical problems, things went reasonably well on 5.2 ha in 1994; most farmers made profit and repaid the credit.

In 1995 8 ha was planted but the quality of the peppers deteriorated and the processors refused to accept too much second quality. He wanted to differentiate the price for the first and second quality but the farmers insisted on an uniform price. After negotiations the processor agreed, but soon 70% of the peppers was of second quality which he could neither sell abroad nor in Albania (where bell-peppers are not part of the normal diet). As a result in 1996 season he offered a lower price and the farmers did not agree on this. This was partly because they thought they could get a better deal with another processor of tomatoes. Unfortunately this last deal did not materialise, due to problems with the seed supply. The PFA never restarted the bell-pepper production but until today the core of this group continues to work together informally on tomatoes (see later).

### **Potato associations**

In Frakull and Kafaraj two PFAs (60 members) were established to grow early potatoes. In the 1994/95 season they received partly subsidised Dutch seed potatoes. The production was good and as the potatoes were very early on the market the marketing was no problem at all. The association did no effort to market the potatoes together in order to get a better deal. In the 1995/96 season the same process took place; only the subsidy was reduced and no credit was given. Slowly it proved that the association did not function as such. It was only seen by farmers as a 'gate' to good seeds. Therefore in the 1996/1997 season the Dutch seeds were auctioned and a local trader sold it to the farmers (at a price equal to the actual costprice). The PFA was in a similar position as all farmers and had to buy the seeds like them. It functioned only as practical means to collect the demand of all farmers. Gradually the

number of farmers was reduced, although the total surface remained more or less the same. In 1997/98 another trader imported the seed potatoes commercially and the PFAs again acted only as collectors of the demand; this time not only for Dutch seed but also for second generation seeds of the mountainous areas in the North East of Albania (see later). In the 1998/99 season the trader has direct contact with the most important members. The core-members still have regular contacts; they exchange information; they sometimes aggregate their demand to traders. Yet, they do not function as an association; there is no board, no meetings and no financial reserves.

## **2.2 The Centre for Agro-Business and Information**

### **Introduction**

All in all, in the beginning of 1996 the project was in a kind of crisis. None of the PFAs functioned as it was supposed to do. The direct support offered by the project led to opportunistic behaviour of farmers and all groups suffered from a lack of feeling of ownership. Local conflicts popped up regularly and some decisions seemed to be politically motivated. Communication between the members of an PFA often proved to be difficult. The statutes adopted, or even developed, by the groups were not implemented even when the situation required this and none of them managed to collect membership fees or saved any money.

In general one was inclined to see this as a reaction to the enforced co-operation in the communist era. The close link between the project and the government was therefore identified as one of the main problems: it was felt that autonomous organisations could and should be supported by an autonomous organisation. A second problem was that farmers did not really seem to grasp the reality of a market economy; specially they did not accept any risk. Therefore FAP decided to reduce its direct support to PFAs and to do an in depth survey on the ideas of people on constraints and opportunities for co-operation.

### **A first try out to reduce direct support**

The new approach was first applied to a group of farmers in Frakull which wanted to start a milk collection PFA. They thought they would be given cooling equipment and other support like the first milk collecting PFA in Vidishte (see above). Yet FAP provided them only with a guidance in how to set up a PFA (statutes; administration, etc.), and it provided data on the prices of milk of different milk processors etc. In terms of direct support it provided some plastic containers to collect the milk and a lacto-density meter to measure the density of the milk. At the end of 1996 the PFA started. Until present it functions; collecting between 200 and 400 litre of milk per day of 30-50 farmers. Over time it has changed several times its processors. In general it has maintained a reasonable quality of the milk. But, over time the PFA turned into a one-man's-business. The farmer who took the first initiative has always been the one who collected the milk and transported it to the processors. The price difference between what the processor paid for the milk and what the farmers were given was needed to pay for the transport and the remainder was seen as a salary for the initiator/collector. For some time the transport was done via a hired ox-cart; until the last processor gave a car on credit to the initiator of the group. He now works completely as a private trader. In the morning he collects milk, brings it to the processor and for the rest of the day he operates the car as a taxi. The PFA does not really exist anymore; no membership fees are paid; no board meetings take place. Yet, in this way the problems the village had with the marketing of milk has been solved.

### **An in depth survey into constraints and opportunities**

To better understand the ideas people have on co-operation, in March 1996 an in depth survey was done in one village. A team of 6 people had informal dialogues with 33 people. It found that also before the communist era there was no tradition with any form of strategic cooperation.

Most people used to live as tenants and landlords used to collect up to half of the harvest. People only co-operated on a reciprocal base (building houses together etc.) but no initiatives towards a strategic long term co-operation could be mentioned by the respondents. The most important form of co-operation had been the communal herding of animals by several members of an extended family ('fis' or clan). With the present smaller households (often nuclear families) and with the disappearance of large grazing areas (due to land reclamation), this tradition ceased to exist. The most important factor mentioned by people for the lack of co-operation was distrust among the villagers. Even people able and willing to act as group-leaders said they were afraid to do so as they would be exposed to accusations of having political objectives or of working for their own benefit. Asking people what kind of issues would be most suited to stimulate co-operation, input supply and marketing were most frequently mentioned.

### **The creation of an autonomous organisation**

With the above experiences in mind in September 1996 the project established an autonomous office: the Centre for Agro-Business and Information (CABI). Instead of offering direct support to farmers to capture opportunities, they now were to be informed about opportunities in input supply and marketing. The main objectives of CABI are:

- collect and spread accurate and relevant information in inputs and markets to farmers, traders and processors;
- improve the links between farmers, traders and processors;
- organise the exchange of knowledge and ideas between farmers;
- stimulate the co-operation between farmers and (on request) guide farmers in establishing (ad-hoc) groups.

Initially CABI was administered directly by the teamleader of the project and the policy decisions were taken by the board of the project. In order to make the office more independent and to involve the clients directly in the decision making, in the beginning of 1998 a board was created of farmers, traders, processors, the FAP-teamleader, the CABI manager and the chairman of the FAP-board (also director of agriculture in Fier district).

This board prepared the establishment of the CABI-Association which was established at the end of November 1998 and which runs the CABI office now. In the meeting to create the association, 55 people took part; of these 26 paid their membership-fee: 16 farmers, 8 traders (input suppliers) and 2 processors (in total: 68.800 Lek). The processors clearly have not been actively involved until now. The fact that only half of the people who turned up for the meeting do actually pay the membership fee, underscores again the difficulties in this field.

### **Activities and results**

Since the end of 1996, CABI has a staff of 2 economists and 3 facilitators. The main concrete activities are:

- publish a monthly bulletin of 8 pages with prices of inputs, technical information and advertisements;
- run an Information Center in the office where traders display their products and make advertisements; CABI has regular contacts with 15 traders;



- individual advise of farmers on investment opportunities; e.g. investment in (plastic) greenhouses, dairy cows, grape seedlings, seed potatoes etc.;
- support to groups; e.g. tomato marketing and common procurement of inputs. QABI supplies the necessary information as well as support on how to organise the groups;
- seminars to link actors. At district level QABI held seminars with farmers, researchers, input suppliers and processors; e.g. on tomato production or grape production. Participants have to pay to take part in these seminars; this is unique in agricultural development in Albania;
- forward the need for applied research to the district extension service which has the possibility to do on-farm-trials in co-operation with national research institutes; assist in the selection of farmers for on farm trials and use the results for field days, demonstration etc.;
- on request of farmers QABI does marketing studies. The latest example is one on olive oil, but also studies on tomatoes and potatoes have been done;
- studytours and exchange visits (both local as well as abroad);
- mediate on inputs and markets. CABI actively links farmers and traders; and helps to secure sound contracts.

Some statistics on the measurable results in 1998:

- of the initial 7 PFAs, only the women group is still active and CABI assists it; two others function more as ad-hoc groups; two have no meaning anymore and the milk association in Frakull has become a private business and it has regular contacts with CABI on market developments;
- 12 new ad-hoc farmer's groups are regular clients; in total 91 farmers are members of these;
- over 5.500 copies of the Monthly Bulletin were sold;
- direct contacts were maintained with 15 traders (most in Fier but also from neighbouring districts and from the capital, Tirana);
- 55 individual farmers were advised; many others visit the office;
- three regional and one national seminar organised;
- several local studytours were organised (on potatoes; greenhouse construction; etc.);
- marketing studies to tomatoes, potatoes and olives were done and the results published in the Monthly Bulletin;
- several crop budgets were made and published;
- in co-operation with the extension service some leaflets were made;
- several contracts were signed on larger amounts of inputs: e.g. 13 tons plastic for a group of 7 farmers; 35 dairy cows from the Netherlands for one farmer; 4.000 grape seedlings for a few farmers; contracts on seed potatoes etc.;
- in two cases the traders refunded the farmers the losses they suffered when they supplied poor quality inputs.

Here the focus should be on the Producer's Groups. The ad-hoc groups have between 4 and 12 members. Most focus on tomato production in plastic greenhouses, some on potatoes, onions, grape-production and strawberries. These groups usually buy some inputs together (seeds, crop protection chemicals), they visit one another and they discuss the problems and opportunities together with the CABI staff. Usually they do not market the produce together. Only in one case CABI mediated a oral contract with a processor who promised to come to collect all the produce against prevailing market prices. In general the groups are very reluctant to put anything on paper or to formalise anything. This is both caused by their own hesitation to commit themselves as well as by the complete lack of possibilities to enforce any agreement which is not respected by any of the parties. It is better not to have a written agreement, than to have one which is not respected. This counts on both sides: in Fier not

only businessmen have cheated on farmers when it comes to paying an agreed price; also farmers have all too often breached contracts when it was financially attractive to them.

### **Finance**

CABI has at present several forms of income. Since the end of 1998 the clients have to pay for the services of CABI. Clients pay 20-50% of the transport, the materials needed and 500 Lek/day as a fee for the work done. Membership-fees; farmers who are member of a group pay 100 Lek/year; individual farmers 1000 Lek, input suppliers 4.000 Lek and processors 2000 Lek. The initial registration fee is half of this. The project still pays the salaries and the transport. In case contracts are secured via the mediation of CABI the trader has to pay 2% of the value as a commission; this is not yet always done. The Monthly Bulletin is sold for 15 lek/copy. Advertisements in the Bulletin and in the Information Centre has to be paid.

This is not enough to run the office. It is very hard to get clients paying the fees for the work done/time spent. There is no tradition in Albania to pay for advisory services; farmers are only ready to pay when the specialist also actually manages his crop or when he guarantees them a certain yield or income. Next to this there are many unemployed agricultural specialist who offer their services against very low prices which makes it impossible to actively collect new information and knowledge.

In order to cover some other costs of the office (rent of the building; stationeries) the project supports CABI via a contract. Based on the monthly monitoring reports where all activities of the staff are recorded and classified, the ratio between time spent of core-activities (collecting and spreading information/ linking actors) and time spent on overhead (internal communication etc.) is taken as a measure of efficiency of the office. Taking the results of the monitoring system in 1998 as a standard as well as the costs of the office during the same period, the contribution of FAP is established.

Making the system sustainable would require a long term commitment of the government to support it financially. Like the present contribution of FAP this support should be based on the actual work done; after some time the contribution could be based on the amount of money collected from the clients. Until present the ministry of agriculture likes this idea but find it difficult to find a legal form to make a financial contribution to an independent association. With the limited budget available for agricultural extension a second problem is that any contribution would mean that the extension staff of the ministry itself has to be reduced.

## **2.3 The Albanian National Seed Potato Association**

### **The need for high quality seed potatoes**

During the communistic era potatoes constituted an important part of the cropping system. Yields however were very low, often about 10 ton/ha. One of the main bottlenecks was the lack of good seeds. Often the same genetic material (obtained from abroad, f.e. from East Germany) was used for 10 years or more, leading to heavily infested- and degenerated seeds. The seed potato production took place in the mountainous areas, mostly in the North Eastern part of Albania. The cool summers at the higher altitudes (1.200 m a.s.l. or higher) limited the aphid population and hence the possibilities for viruses to spread.

Since the transition potatoes are one of the most profitable crops. With good seeds and reasonable crop husbandry yields of 30-50 tons/ha (depending on the length of the growing period) were obtained in mountainous areas and with short term varieties, 20-30 ton/ha in the coastal areas.

In Albania about 10.000 ha are planted with potatoes. To supply these with good seeds over 1.000 ha of seed potatoes are needed, for which 3.000 ton of high quality elite seeds are needed. As long as no elite seed are produced in Albania, they have to be imported, in practice from the Netherlands. These are however costly; to plant 0.1 ha with Dutch seeds requires an investment equal to half a year's salary of an extension worker. An affordable system would be to multiply the Dutch seeds one year in the mountainous areas and then sell the second generation seeds to the lowlands. With many small scattered plots in the mountainous areas owned by poor farmers and with the poor infrastructure, working with groups of farmers is almost a necessity.

In order to establish a sustainable system several steps had to be taken:

- prove that this above system is economically viable;
- provide the farmers in NE-Albania with Dutch seeds;
- create a demand for good quality seed potatoes in the coastal areas;
- link the supply and demand.

In practice this was done in close co-operation between several projects: the IFAD I project in Kukes (mountainous; North Albania), the IFAD II project in Diber (mountainous, NE), Agrinas in Pogradec (mountainous, SE) and FAP in Fier. A short summary of activities undertaken in the period 1995-1999:

1995:

- on farm trials in mountainous areas show good results with Dutch seeds;
- on farm trials in Fier showed profitability of Dutch seed imported directly;
- all seeds are still partly subsidised;

1996:

- on farm trials with Dutch seeds continue in all districts; subsidies are reduced;
- FAP takes some farmers and traders to mountainous districts to see the potato production there.

1997:

- on farm trials continue in all districts;
- farmers in Fier pay the cost-price of Dutch seeds; in IFAD area 50% subsidy;
- on farm trials in Fier with second generation seeds from Diber and Pogradec show good results; they produce only 10% less than Dutch seeds;
- throughout the year CABI organises exchange visits for farmers and traders from the coastal area to the mountainous area and vice-versa;
- CABI organises a national seminar with farmers and traders where the results of all trials in the country are presented and where farmers and traders offer their produce; farmers for the coastal area buy all second generation seeds which they can get;
- the poor organisation of farmers in Diber and Kukes and the poor infrastructure there becomes a bottleneck; people from coastal areas can not easily find the right farmers.

1998:

- on farm trials continue in all districts;
- exchange visits continue;
- in Fier the seed potatoes are imported commercially; the price rises as does the interest to buy second generation seeds from mountainous areas; in IFAD area the subsidy is reduced one more (to about 25%);
- one trader from the coastal area produces second generation seed potatoes in the mountainous parts of Skodra district from Dutch Elite seeds;

- yields of second generation seeds which coastal farmers bought in mountainous areas performed very poor in the coastal areas; farmers are disappointed;
- FAP trains farmers and traders in Albania via a Dutch specialist in the identification of pests and diseases in the field;
- FAP sends 8 Albanian specialist for training in field inspection of potatoes to the Netherlands (4 from the coast and 4 from mountainous areas);
- back home in Albania the trained people perform two field selections in Diber;
- farmers in Kukës and Diber get themselves organised in associations;
- at the end of the year CABI organises again a national seminar with farmers and traders to exchange results of trials and other information; for the first time in agricultural development in Albania, participants of the seminar have to pay to take part; still some 30 people turned up. The poor results of the second generation seeds was the main issue;
- two traders from the coastal areas sell second generation seeds from the mountainous areas: the one who produced it himself in Shkodra sells for 70-90 Lek; the seeds from selected fields in Diber costs 65 Lek and the un-inspected seeds from Kukës are 45 lek/kg, equal to the price of Greece consumption potatoes which are sold as seeds;
- in order to improve the quality of the second generation seeds in the national meeting it was decided to establish a National Seed Potato Association.

#### 1999:

- on 9 March the Albanian National Seed Potato Association is established;
- the commercial import of Dutch seed potatoes reaches to 300 ton; in IFAD area part of Dutch seeds are subsidised (20%) another part is not;
- on farm trials continue in many districts;
- farmers from 5 districts (Kukës, Diber, Pogradec, Erseka, Tirana) offer seed potatoes free of charge for on farm trials in the coastal areas;
- two Dutch seed potato companies do the same as well as 2 Albanian traders.

#### **The Albanian National Seed Potato Association**

In March '99 the Albanian National Seed Potato Association was established. Twenty two members (incl. two farmers associations) elected a board of eight: 2 producers of second generation seeds, 2 farmers planting these, 2 traders and 2 researchers. The objective of the ANSPA is "To create a sustainable seed potato production system in Albania through the certification of seed potatoes based on field inspections and through the establishment of a transparent market of seed potatoes in the country".

In the present state of affairs in Albania, this can only be reached through a voluntary participation of farmers (both selling and buying seed potatoes), traders and well trained agricultural experts. Initially a representative of the seed institute of the Ministry of Agriculture opposed the idea of an association giving out certificates, which they see as monopoly of the state. The practical experience of the people present from all over the country made him give in that the present system of field inspections was not working properly. At the same time the ANSPA agreed to call the certificates 'etikets'. It was also agreed that the seed inspectors of the district concerned would join the field inspections as much as possible so that they could learn from the trained people.

#### **Activities of the Association**

The association will concentrate on four activities:

- field selection of seed potatoes and certifying the seeds;
- on farm trials with Albanian and foreign seed potatoes;
- training in field inspection;
- organise annual meetings on the supply and demand of seed potatoes.

For the first three activities a technical committee will be established (composed of the people being trained in field inspection) and the last will be organised by the board of the association itself.

### **Impact**

The impact of the activities undertaken by CABI with the group of people who started the ANSPA now has been very big. A national network of all actors in potato production is established. Traders and farmers travel all over the country. Researchers do the same; in many districts trials are done and the results are eagerly shared. There is a clear common sense of direction of all involved. In concrete terms in 1998/1999 some 300 ton of Dutch seed potatoes are imported, despite the very high price of these due to the very wet weather in the Netherlands in 1998.

The very close link between traders, researchers and farmers has made that the technology of potato production has improved considerably over the last few years. The role of the on-farm-trials (done by all actors) has been very important, but falls outside the scope of this article.

All this is reflected in the increase in potato yields in 1998 of about 20% over the total area of about 11.000 ha in Albania compared to the beginning of the transition period. In the next few year this will increase surely continue.

### **Finance**

The membership-fees have to cover some small expenditures of the board. The fees are: 500 Lek for farmers, 1,000 for researchers and 2,000 Lek for traders. In total ANSPA has 25 members who paid 36,100 Lek as registration and membership fees.

The activities of the ANSPA should be cost-recovering:

- participants of the Annual meeting have to pay for this, like the meeting organised by CABI in 1998 (500 Lek for farmers, 2000 for traders);
- farmers or farmers associations who have their field inspected have to take care for the shelter and food of visiting specialists; next to that they have to pay 1 Lek/kg for the seeds which is given an 'etiket';
- the seeds needed for the on farm trials will be made available by the farmers and traders concerned.

Some costs remain uncovered: e.g. the DSA which has to be given to the field inspectors and the transport of inspectors and seed potatoes for on farm trials. The IFAD II project will provide for this in the next three years. After that the income of the association should suffice to bare this costs.

A remaining problem is how to secure a permanent learning process for the inspectors of the association. They still need a lot of practical training in the field in order to be able to secure reasonable second generation seed potatoes. In 1999 one of the Dutch companies (Hettema) will pay for a two weeks on the job training course in Albania. Hopefully another company will contribute as well.

## **2.4 Water Use Associations**

### **Background information: the establishment of WUAs in Albania**

In the transition period of 1991-1992 much of the already poorly functioning irrigation system was destroyed by farmers. In 1994 the Worldbank initiated a national Irrigation

### **Rehabilitation**

Project (WB-IRP) to rehabilitate the system in the seven most important district in the coastal areas: Tirana, Durrës, Kruja, Laçi, Kavaja, Lushna and Fier. As the organisation responsible for the O& M of the irrigation and drainage system (the Water Enterprise, WE) did not function properly and it was decided that the rehabilitated parts of the system would be handed over to Water Use Associations (WUAs) that were to be created parallel to the rehabilitation. The project, which could be considered a 'crash programme', was initiated under a semi-independent project management unit, directly under the Minister of Agriculture. Until now the project rehabilitated the irrigation system of nearly 100.000 ha and of nearly 120.000 ha the drainage was improved. This is well above the initial target of the project.

Based on a new water law drafted by the WBI-IRP, in 1994 hundreds of WUAs were created all over Albania. Initially they were village based, but since this was not practical and since the WUAs were too small to generate enough income to employ some staff, in 1996 the law was adapted and WUAs became based on hydrological units. WUAs are responsible for the collection of the water fees and the operation and maintenance of the (sub-)systems was handed over to them (after rehabilitation). They have to pay the WE for the water used. The WE would remain responsible for the operation and maintenance of primary canals and reservoirs. Initially the watercharges were set by the Council of Ministers; now the WUAs have to pay 0.5 Lek/m<sup>3</sup> to the WE and, based on their own budget, can decide themselves on how much they charge the farmers.

The creation and guidance of the WUAs was done by 52 promoters of the WB-IRP. In Fier 11 promoters worked with 55 WUAs. They were trained in a Training of Trainers system, whereby district co-ordinators were trained in weekly sessions. They pass the new knowledge on to their promoters who discuss it with the WUA board-members. The same system was used to get information from the field up to the national level. At the end of February 1999 the promoters were dismissed by the WB-IRP. In the future NGOs will have to take over the role of facilitators for the WUAs.

In 1998 some WUAs served by the same primary canal were combined into Water Use Federations (WUF), a.o. one in Fier. In 1999 this trend continues and at present 13 WUF do exist in Albania. The WE continued to perform very poorly and a few WUA/WUF became responsible for primary canals or big secondary canals serving thousand of hectares in different villages. The idea for the future is that WUFs will taken over the tasks of the WE in irrigation. Waterboards composed of all actors in a watershed will be established to take over the responsibilities of the WE in the field of drainage.

### **The contribution of FAP**

Following the national policies set out by the WB-IRP and in continuous discussions about these, FAP worked with four WUAs, in the villages Frakull, Dermenas, Hoxhara and Hamil. In total 1.200 ha has been rehabilitated and handed over to the WUAs. FAP had two Albanian staff members for this: an experienced agronomist for the contacts with the WUA and (only part of the time) a female engineer for improving the water distribution schedules and for trying to increase the involvement of women. They were supported by some short term missions per year of Dutch specialists and the resident Dutch teamleader of FAP.

The approach of FAP is characterised by:

- involvement of the WUAs in the rehabilitation. The WUAs discuss directly with the designers and have to approve the final design;

- the earthwork for the rehabilitation is the done by the members of the WUAs. The WUAs get a 10% administration fee for this. Artworks are contracted out to private firms (in a later stage also some small artworks were done by WUAs);
- WUAs sign a contract with FAP with clear mutual tasks and responsibilities. A prerequisite for assistance of FAP is that the WUA/farmers start cleaning the tertiary canals. Only farmers who clean their tertiary canal are allowed to take part in the earthworks for the rehabilitation of the secondary canal;
- FAP organises workshops and exchange visits; participants were encouraged to discuss the problems openly, to start to prepare for the irrigation season in time and to copy the most successful elements of one another;
- FAP stimulates WUAs to organise meetings with their members. In these meetings the FAP staff explains the law and assists in generating ideas on how to improve the functioning of the WUA;
- FAP assists the WUAs with their administration. Simple membership cards were designed as well as forms for the payment of the water fees in order to establish a transparent system of payment and the collection of funds;
- in case of conflicts FAP staff mediated between the WUAs and the WE.

Giving the earthworks of the rehabilitation to the WUAs is crucial for the bottom up approach, not only because it financially attractive (cheaper for the project, extra income for the farmers and the WUA) but specially because it gives the WUA leaders an opportunity to prove to their members their leadership capacity. Lastly it is an incentive for farmers to clean their tertiary canals (see point 3 above).

**The impact: do the WUAs function?**

Measuring the impact is not easy. In the next paragraph some basic statistics for the four WUAs are given. Here some particular aspects of each of them are explained. Frakull lies at the beginning of the primary canal and has enough water. Moreover the chairman is the watermaster of the Water Enterprise responsible for the area. So there is no shortage of water. The village has quite a lot of vegetable production. The tertiary canals are reasonably cleaned and some small repairs of the secondary canals are done. The WUA has 320 members; 120 paid their membership-fee in 1998. In 1997 during the elections of the board, 22 farmers turned up. The board consists of 7 people, each representing a 'quarter' of the village. A watermaster is employed by the WUA who can keep 40% of the water charges collected. A field study in 1996 showed that the WUA leaders were hardly aware of what was going on in the field.

Dermentas lies much further down along the same primary canal. There is not enough water (as the water is kept among others by the WUA in Frakull), resulting in many conflicts. The WUA is not in a position to solve them; since half of the farmers are Kosovar (who fled Kosovo in the 1920's) and the other half Albanian, the communication is difficult. With many people having arms, board members are sometimes even afraid to ask for any payment. About half of the gates of tertiary canals are stolen (and sold to private contractors who use them in new rehabilitation). In 1997 the former chairman ran off with all the administration. He migrated to Greece. The present chairman was elected by 15 farmers, out of a total number of members 280. In 1998 the WUA employed a watermaster for 6.000 lek/month for three months. The chairman got 8.000 Lek/month, also for three months. Now as the support of FAP is ceasing and the promoters of the WB-IRP no longer available, the chairman thinks of resigning.

The WUA in Hamil is close to the one in Dermentas. It does not receive enough water. This is engraved by the fact that the last few years more reed is grown in the branch of the primary canal which serves the rehabilitated secondary canals of the WUA. This reed blocks the

water, but as the owner is a powerful family and since its removal would require a lot of work and a sustained effort (since it easily regrows), the WUA feels they can not do much about it. The organisation of the WUA is good. In 1997, 40 of the 120 farmers turned up and re elected the chairman who is well respected. In 1998, the WUA employed a watermaster (2 months, 6.000 Lek) and an economist (3 months; 7.000 Lek). The chairman got 8.000 Lek for 3 months. Some small repairs were done to the secondary canals.

The WUA in Hoxhara is again close to the ones in Dermenas and Hamil, but its supply of water is much better. Until 1997 it was lead by the chairman of the commune, so a local politician. At the end of 1997, 22 of the 150 farmers elected a new chairman and since then things improved. The WUA was very active in the rehabilitation and secured the best quality artworks in Fier district. Of this canal no gates were stolen (contrary to the formerly rehabilitated area). The WUA employed a watermaster for 3 months (6.000Lek/months) and it pays the chairman 8.000 Lek/month (for 9 months).

So, the WUAs have made some progress in the last few years:

- their contributions to the designs improved; in some cases they supervised the rehabilitation very closely, they were involved in the mobilisation of farmers as workers and managed to secure high quality art works;
- the administration of most WUAs is more clear and transparent, although none really made a serious budget. The WUAs designed a membership card with the FAP staff, which became even used at national level. The administration system developed by the WB-IRP is used more seriously which means that these days farmers most of the time do take a receipt when they pay the watercharges;
- some WUA made small investments themselves (up to 10.000 Lek);
- all employ a watermaster (for a few months) and one WUA even an economist.

Yet, the progress WUAs made with their members has been limited. Obviously after rehabilitation the farmers clean the tertiary canals better (60-80% is cleaned), but still there is a general lack of interest due to:

- The attitude of farmers; during 45 years of communism the state provided everything. As a result farmers see water as a 'free commodity' that has to be provided by the government. In line with the first issue and in line with the general politicisation of life, farmers consider the water supply a political issue. When there is no water, farmers turn to politicians, who ensure via their contacts with the WE again water.
- Farmers do not differentiate between different organisations and the role of the WUA is not clear enough. To farmers WUAs, WUF, WE and the Ministry of Agriculture and Food, all represent outsiders who want money from them. In Fier the first WUF is chaired by the district director of the Ministry of Agriculture, the very organisation which has to audit the books of the WUF.
- Low economic interest of farmers; for many farmers it is more attractive to earn their income in Greece than to intensively work the land. Also the irrigation practice in the larger schemes can not accommodate the highly profitable vegetable production in greenhouses as these need water from March onwards while the irrigation of the open fields only starts in May-June.
- Data from the monitoring system of the WB-IRP confirm that the cropping pattern hardly changes after rehabilitation. The rehabilitation of parts of the system and handing over of these parts to WUAs does not always improve the distribution of water; in Fier the WE has no real control over the water in the primary canal serving 17.500 ha. All WUAs of FAP take water from this canal. Once it is open, water flows freely through the system. At the head of the system people take water whenever they want it. At the tail end there is not enough water even if well administrated.



- Several gates (about 20% in the 4 WUAs) were stolen from the rehabilitated canals. Blocking canals (even big ones) to get water is no exception. WUAs can do little to prevent this. The fact that all families are armed since the opening of the weapon depots in 1997, makes it very difficult to settle serious conflicts. The WE can only close down the whole system, but then farmers protest (rightly, as also those who paid do not get water) and via political pressure the gate is opened again. In 1998 there has been some improvements at WUA level since water masters make rough distribution plans based on their experience with the system.

### Finance

The final objectives of the WUAs is to get land irrigated and to have farmers paying for the water so that the future delivery of water is guaranteed. The next table shows the results over 1998 for the 4 WUAs in this respect and compares this with other WUAs.

#### The performance of the WUAs in 1998

	Rehabilitated area (under command) (ha)	Reported irrigated area in 1998	Total fees collected (in 1,000 Lek)	Lek/ha under command
Hamil	380	110	126	332
Hoxhara	120	90	101	800
Dermenas	228	50	90	395
Frakull	210	70	105	500
Total	938*	320	422	450
Total Fier district	21,086	7,945	3,730	177
Total WB-IRP	85,026	31,234	22,296	262
WB-IRP Kavaja	8,580	3,452	5,275	615

\* the total area under command is less than the nearly 1.200 rehabilitated by FAP, since the first rehabilitation of over 200 ha was in an area not covered by one of these WUAs. Actually by that time (1993-1994) no WUAs existed and the canal was never operated and maintained properly.

The table shows that in all cases a considerable part of the area which could be irrigated is not. The FAP-WUAs collected 450 Lek/ha under command. The WUAs having a good water supply (Frakull and Hoxhara) perform better. In theory all should collect about 4.600 Lek/ha, since on average, 2.3 rounds of irrigation were used and for each round a fee of 2000 Lek/ha should be paid. Calculated in this way the cost recovery is about 10%. In practice farmers only pay for one round of irrigation; in 1998 they paid for 201 ha in the four WUAs of FAP, this represents 21% of the area under command and 63% of the area which is officially irrigated.

In comparison with the other WUAs in Fier, those of FAP perform much better. Also compared with the average of all 7 districts of the WB-IRP they collect nearly the double amount per ha under command. On the other hand the farmers of the WUAs in the districts of Kavaja pay 36% more than those of FAP. Although these differences are not insignificant, the main issue is that in all cases it is by far not enough to cover the costs of irrigation. Estimates by the WB-IRP for the actual costs for O&M run as high as 91-119 USD/ha or about 14.000 Lek/ha. So none of the WUAs comes to a cost recovery of more than 5%. Seen in this way the problem becomes quite dramatic. On the other hand one must keep in mind that in Albania many people do not pay for basic services like electricity and drinking water as well.

Officially WUAs have to pay 0.5 Lek/m<sup>3</sup> to the WE. In theory the four WUAs of FAP should have been 368,000 Lek in 1998. In practice they have not paid a single Lek. The WB-IRP advised them to deposit the money for the WE in a blocked bank account, in order to show the disapproval for the poor delivery of water by the WE. At present the four WUAs have

blocked 136,900 Lek, but 2 of the 4 WUA boards agree that actually in 1998 the WE has been more correct with their WUA than visa-versa.

Comparing the fee collection with 5 years ago when the WE was responsible for the fee collection a problematic picture emerges. Despite a considerable amount of rhetoric on the superiority of WUAs in fee collection above the WE, data do not support this. Although fee collection increased in nominal terms from 13 Lek in 1993 (with the WE responsible) to 22 million in 1998 (WUAs responsible), due to inflation (over 100% in this period) the real value of the latter is lower. This picture becomes even more bleak if one realises that in the same period a large area has been rehabilitated. For examples in Kavaja district (considered to be the best example), the WUAs collected 1,318 Lek per irrigated hectare in 1998. In nominal terms this is slightly more than the 1,267 Lek/ha collected by the WE in 1994, but in terms of purchasing power it is less than half of it.

A possible contribution to the solution of this problem is the money the government spends via the WEs: in 1998 this was 80 million Lek for the seven district of the WB-IRP. If this could be used in a more effective way (by giving WUAs some control over the money), financial sustainability could increase considerably, but still not reach 50%.

### **Farmer's evaluation of the present situation**

Internal evaluations of FAP (in 1996 and 1998) and the WB-IRP (1999) show similar results. Specially the evaluation of the WB-IRP in Kavaja is important since it is the only independent quantitative study (101 farmers have been interviewed). All evaluations showed that many farmers do not consider the WUAs as their own; they perceive water supply as a political issue and WUAs as a pre-conditions to get their part of the irrigation system rehabilitated. Even in Kavaja, generally considered to be the best organised districts where most of the system is rehabilitated, only 32% scores 'high' when asked about the functioning of the WUA and only 21% scored 'good' for the irrigation situation (that is the supply of water). The scores on the satisfaction with the WB-IRP is higher 52%. The score for the impact is biggest: 64% says there has been an impact. This shows that indeed a lot of work has been done and obviously more water is reaching more fields, but people are not yet satisfied with the way things have been organised.

The next table shows some of the most remarkable results of the final evaluation with 20 WUA board member of the 4 WUAs in Fier.

Level of agreement of 20 WUA board members with a series of statements (1 is full disagreement; 10 is full agreement)

	<b>Average score</b>
<i>On the functioning of the WUAs</i>	
In 1998 our WUA has solved more conflicts than before	9
For farmers it does not matter whether they pay to the WE or to the WUA	8
Farmers want the government to run the irrigation system	6
Farmers understand the principles of a WUA	5
Farmers understand the difference between the WUA and the WE	5
Farmers understand the newly created Water Use Federation	1
<i>On the effect of rehabilitation</i>	
The rehabilitation of the irrigation system has reduced emigration	1
<i>On financial issues</i>	
With its present income the WUA can not maintain the systems	9
If the price of water will be increased, less farmers will pay	8
Farmers are afraid that their money is not used as it should be	5

Since the respondents were WUA board members who have an interest to portray their work positively, one must be careful to interpret the results. Yet, the main lines are the same again: the organisation of the WUAs has improved but the farmers are not interested in the organisation of irrigation; the financial aspects are most problematic.

### **The future**

The irrigation activities of FAP are phased out in the spring of 1999; the contribution of the WB-IRP is reduced to two staff members at district level only and no further rehabilitation is foreseen. Discussions with all actors involved lead to pessimistic views on the future. It seems farmers have been somehow co-operating until now in order to secure further rehabilitation; when this motivation is no longer valid, WUA board members and the remaining WB promoter fear a vicious circle of poor payment rates, poor delivery of water and a deteriorating system.

Of the four WUAs supported by FAP the one in Frakull has the best prospects; it might not be the best organised, but due to its position at the head of the primary canal, water is secured; with several farmers growing potatoes and vegetables it has the possibility to collect some money. On the contrary the WUA in Dermenas might collapse completely. The other two will struggle on; the one in Hoxhara having the better chance to survive. All are in great need of support. The system is not yet fully rehabilitated and they should have the possibility to discuss their day to day management problems with other WUAs and experts. They need continuous support from neutral outsiders to handle some of their most delicate internal conflicts, as well as to mediate between them and the WE and between one WUA and another. Unfortunately very few of the WUAs are optimistic about the possible role of the newly established WUF in this respect.

Also at national level much differences can be seen; the WUAs in Kavaja are best organised and the WE is co-operating very well with them; farmers in Kavaja and Tirana pay most; the rehabilitated systems in Durres are badly damaged, the WE in Fier has been opposing many institutional changes etc. The situation differs too much from place to place to come with a general solution for all cases. An in depth analysis of these experiences and a comparison with other districts where there has been no active support for the establishment of WUAs (and where other options are explored) is badly needed.

One of the experiences which should be seriously looked at is the set up of 'small teams' by the Water Enterprise in Pogradec. These teams are formed by the Watermasters of WE; they select some well respected farmers to work with them. A small team is responsible for one secondary canal: for the operation of it and for the collection of water charges. Although the system is not fully democratic it seems to function reasonably well; the WE is satisfied with the amount of money collected and an international NGO (Agrinas) working in the district started to apply this approach in the area where they rehabilitate parts of the system. The reasoning is that this concept is closer to the farmers concept of who should do what. Considering the results of the evaluations in Fier and Kavaja, this might be applicable elsewhere as well.

### 3 CONCLUSIONS

A lot has been achieved: hundreds of farmers in Fier and elsewhere have taken part in one or more of the activities. Some activities have failed, others have been successful. The most important positive aspect is that many people have learned to work with completely new concepts of voluntary co-operation in a private environment. Trusting one another and accepting risks proved to be the most difficult part of it. The most difficult part of all Producer's Organisations is the financial sustainability. Overseeing the period the following practical lessons seem most important:

#### **On the general approach to POs:**

- a straight forward co-operation between farmers based on economic opportunities identified via a marketing study does not work: people join for opportunistic reasons but many are not committed and do not accept the risks involved;
- offering information on opportunities leads to ad-hoc groups which somehow get the job done but which do not lead immediately to sustainable groups with a strategic perspective on agricultural development;
- it is better to first undertake some activities with an informal group and only when it is necessary to start to formalise the organisation;
- POs should be based on a sound economic analysis; but even more important is the willingness and ability of members to get over the first initial problems and costs; it proved easier to work with better off farmers and traders than with poorer farmers. Also in the Netherlands the bigger landlords initiated farmers organisations, which only decades later became important as well for the average farmer;
- to ensure that people are serious they have to pay membership fees from the very beginning; involving different groups of people in one activity can be productive: working with traders and farmers at the same time proved effective until now;
- differences between groups are a productive ground for comparison and improvements.

#### **On the methods to support POs:**

- exchange visits are the best tool to make people enthusiastic; training is often poorly attended and not very effective;
- close follow up of facilitators of the initiatives of people and an open attitude to their ideas, their constraints and their commitments is crucial;
- one should always try to adapt general concepts to the local situation and be open to experiment; in CABI and ANSPA farmers successfully cooperate with traders; in Pogradec the WE works with small teams instead of full-fledged WUAs. This goes against the general notion that farmers should stand together against outsiders who want to exploit them, but in the particular situation it can be very useful;
- in the situation of FAP training on technical issues has been important on several occasions; this should be judged from case to case;
- training on organisational issues was rather difficult; farmers do not have the idea that they should be trained in issues like 'how to manage a PFA' or 'how to administrate a PFA'. In general one should wait for the group to request such a training or one should first have a clear case that things go wrong without training;
- giving direct support to POs can lead to a distortion of the group formation process.

#### **On empowerment through POs:**

Without any doubt several POs supported by FAP boosted the confidence of the farmers. The attitude that 'the specialist of the Min. of Agriculture' would know and decide everything has

changed dramatically now. Specially the CABI association challenges government services. Government staff understands the political implications and respond to it: sometimes by trying to boycott activities (e.g. some commune extension workers refuse to distribute the Monthly Bulletin of CABI) and sometimes by copying the behaviour (when CABI focus on a certain crop they follow suite). Fortunately they also cooperate: technicians of the Ministry of Agriculture at district level often write the technical articles in the Monthly Bulletin and representatives of CABI take part in meeting about the selection of priorities for on farm research at district level. This co-operation is enhanced by pressure of FAP on both sides to work together.

The ANSPA indeed challenges the Seed Institute and the seed inspectors. It does so from a comfortable position. The members know that they have much more practical knowledge than the government organisations as well as more resources (specially the private traders, but also some farmers). On the other hand they keenly take the government on board in order to maintain good relations and to ensure a smooth co-operation (even if that is only on paper).

The WUAs have made many (not all) farmers much more aware of their own responsibility for the water supply and of their role visa-versa the WE. They are certainly better able to bring their demand forward, although one has to recognise that these demands are not at all always met and farmers also use other means to generate (political) pressure on the WE to deliver water.

On the financial sustainability of POs and the role of government agencies FAPs experiences suggest that it is possible to mobilise and organise farmers into PO's that are able to deliver effective services to farmers, or at least services that are more effective than those delivered by government agencies (like the extension service or Water Enterprise). Yet, few (if any) of the initiatives has lead at present to a financial sustainable PO. Considering the financial position of farmers this will remain to be the case for some time to come.

Therefore POs should be supported by the government. For CABI this support could be in the form of contracts with the Ministry of Agriculture which could subsidise the services rendered to the farmers (e.g. the Monthly Bulletin). In the case of ANSPA the government could contribute the costs of transport of the field inspectors etc. For the WUAs this could mean that the government uses them to control and supervise the WE in its operation and maintenance of the primary canals and reservoirs. It could even be that the WUAs need straight financial support (e.g. for every Lek they collect the government adds another Lek).

Extensive discussions have to be organised with the Ministry of Agriculture on these issues. In discussions so far, five problems appeared:

- the Ministry finds it hard to admit that POs can deliver more effective services than GO; in the case of WUAs they have done so, in the case of extension services the discussion is still going on;
  - supporting POs often means that government staff has to be dismissed which is a politically sensitive issue in Albania where political parties have a big say in the appointment of government staff;
  - there are no legal constructions through which the government could support independent organisations;
  - it is difficult for the ministry to financially support independent organisations who's staff might in some cases might have a higher salaries than the government staff;
  - the fear for corruption if the government can not control the money until its final use.

### **The role of donors**

Until now donors have focused mostly on working directly with POs. This work can in no way be considered as being completed. Further support in terms of technical assistance, policy development, exchange of ideas etc. is needed. Yet, their most important role at present should be to assist the Ministry of Agriculture to accept the role of POs and make optimal use of them. This means that the ministry has to support effective POs in a business-like manner. A new attitude is needed as well as concrete support on how to organise this in practice.

So donor support should not be limited to POs only but should also include government structures which have to play a key-role in supporting the PO's (notably the extension service and the WE). A high level of political pressure to recognise POs as partners in serving the farmers has to be combined with very practical technical assistance to the ministry on how to make contracts with POs etc. That this support has to be long term support is clear. One should not think of anything less than 5 years.

The first step should be that donors and government agencies exchange their experiences. Both have to admit their failures. Until now too many POs in Albania exist only on paper. Only when successes and failures are analysed, improvements can be made. This potential will only materialise when all shed their theoretical concepts of what is 'good'. Donors should be willing to accept locally developed forms of co-operation and the government agencies should accept that they at present have too many inherent weaknesses to effectively organise essential services for farmers on their own. They need POs as an intermediate between them and the farmers.