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POTENTIAL DEVELOPMENT OF PRIVATE EXTENSION SERVICES IN THE REPUBLIC OF KOSOVO

Astrit Balliu

Implemented by



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Potential development of private extension services in the Republic of Kosovo

As the role of public extension services in many countries is diminishing, other alternatives are developing in order to provide the required expertise to agricultural producers. Private or semiprivate organizations are among the alternatives. The reliability and efficiency of public extension services is a frequently debated question in Kosovo. InterCooperation is actively involved in horticultural development in Kosovo, including the development of an appropriate agricultural information system.

1. Need and feasibility of a semiprivate/private extension service in Kosovo

Kosovo's agriculture is slowly moving towards a commercially oriented approach. Several indicators support this conclusion such as the increase in private investment to agricultural businesses and the government's intention to start subsidizing agricultural businesses. The current or expected investments need to be supported by well qualified agricultural expertise, but unfortunately this expertise is not currently offered or made affordable by public agricultural extension services. This is also the case in neighbouring countries. The diversification of extension services through the promotion and support of semi private/private agricultural extension structures will contribute to enhance the quality of service and to increase competition among different service provider organizations.

The agricultural consultancy market in Kosovo is not yet big. However, it is a growing market which will provide enough room for small service organizations to develop sustainable businesses. The Government of Kosovo has already started tendering agricultural extension services, offering good opportunities for successful service providers.

2. Types of organizations for potential service providers

Potential service providers could be either semiprivate (public-private) or fully private organizations. Each option would have its own advantages and disadvantages.

A foundation would be the most appropriate structure for a public-private service organization. Establishing a foundation assumes the Government of Kosovo (Ministry of Agriculture) would agree on co-founding and co-financing the organization, and more importantly, it will continue to support it after the donor organization(s) withdraws. From this perspective, the main advantage of the foundation would be to adhere to government and donor objectives. It could also attract the interest and support of future donors.

Appropriate representation of farmer interests during the decision-making process is the main challenge of a foundation. This could occur when a farmers' organization is still not mature, or when the leaders of farmers' organizations do not represent farmers' interests. Under these circumstances there might not be a balanced of power between

public (government) and private (farmers) interests. Consequently, government representatives on the management board of the foundation might dictate the decisions.

A private extension service company is another option. It has the advantage of being able to make quick decisions, and to quickly orient itself towards market trends or demands. It could have stronger negotiation abilities and a more motivated staff, but on the other side, it would be less likely to be supported by government or potential donors. It would be a constant risk for a fully private service provider to shift from direct farmer contracts (small contracts, time consuming, less pay) to more office oriented, better paid contracts (project implementation, surveys, studies).

The options for small private service provider companies are open, but it is recommended that InterCooperation focus its efforts on a foundation and develop a public-private organization.

3. Foundation organizational chart.

Assuming the foundation will be the choice for the extension provider organization, the following organizational chart and job descriptions should be considered;

a. Management board.

InterCooperation should take the initiative to invite several important stakeholders to establish the foundation. The management body should be the highest foundation authority. It should be comprised of one representative from each founding organisation. The management board sets the foundation's policy, approves the work plans and yearly budget, appoints the management director, and monitors the foundation's activities.

b. Management director.

The management director should be responsible for: the foundation planning and daily operational management; understanding and properly implementing the ways in which the foundation's business operations need to be run commercially; foundation institutional and organizational development; the development and strong adherence to a proper management information system, which internally deals with storing, analyzing and presenting records, and externally connects with the development of marketing advisory services and researches market possibilities; personnel management, support team development, personal guidance and judgment, performance assessments and a bonus system.

c. Office manager.

The office manager would preferably have a business and economics background. He/she would be responsible for: office management and the foundation's accounting system development and maintenance, dealing with the financial aspect and purchases, collecting and processing data regarding the foundation and each consultant's performance, supporting the foundation's consultants when economic or financial expertise is needed.

d. Consultants.

The consultants should usually have an agronomic or horticulture education and background. The consultants would be responsible for finding, contacting, and contracting their own clients. It is assumed that they would provide qualified technical

assistance to their clients, according to the ethical and professional standards set by the foundation.

4. Types of support Intercooperation should give to the Foundation.

The foundation will need intensive support until it can establish the right organizational structure and procedures. The support should be qualified expertise, mostly regarding the following areas: the set-up of organization and administrative procedures, training, facility and hardware, and assignments. It is important to note that the longer the support from IC, the better it would be for the sustainability of foundation.

- a. Organization (act of creating the foundation, internal regulations, registration, the compilation of the business plan, coaching).

While it would not be recommended that InterCooperation be a founding member itself, there is a great need for IC support during the process of creating, founding, and starting up activities of the foundation. Qualified expertise needs to be provided for the preparation of important documents regarding the establishment, registration and business plan of the new organization. Additionally, internal regulations and procedures need to be prepared and implemented. Finally, expert advice on specified management and technical aspects will need to be provided for a certain period of time.

- b. Training (communication, marketing of services, technical and farm economics training).

Technical assistance is not considered as a paid service in Kosovo. Organizations have been providing technical assistance for free, or occasionally people were asked to contribute a small percentage of the cost of the service. Asking people to pay a fee for technical consultancy would be a kind of “surprise” for people who used to get it free of charge. Due to this fact, the new organization must select several well defined consultancy product packages, and offer them exclusively to market oriented farmers.

The attitudes and skills of people expected to be recruited by the organization will be another challenge. Currently, most agricultural specialists are “educated” doing their best efforts and skills as an obligation to the farmers. Mostly, they simply enjoy the appreciation of farmers for their service. Therefore, experts may be frustrated to shift to a new approach requiring payment for services and they may have difficulty considering their know-how and technical assistance as a market “commodity” with its own price. Selling their services is not a common skill for agricultural specialists. Because of that, the recruited staff of the organization must be trained on how to market their services. Commercial talks and negotiations, commercial product identification and definition, consultancy price composition and definition, etc. should be some of the training subjects to be delivered to the agricultural consultants, in addition to technical training in order to equip them with a better market performance.

A proposed training program addressing these needs and the respective budget are attached with this report.

- c. Facilities (office, communication, transport, field testing equipment).

The organization will need some basic facilities for operation. Office facilities will be needed for the daily operation of organization. Some field testing equipment will enhance the

consultants' capacities and increase the farmers' confidence of their expertise. The most expensive cost will be transportation. Therefore, it must be carefully planned and calculated in the organisation's business plan.

d. Assignments.

Providing several specific assignments would be another opportunity that IC supports the new organization. This kind of support could be either through preferential assignments or through assistance for tendering calls.

- **Preferential assignments.** In practical terms, this means that IC will delegate certain activities to the organization. These will be probably the first exercises for the new organization with a client (IC) and getting paid for a specified service, instead of being given a grant. The activities will also help the organization to create a list of past assignments.
- **Assistance for tendering calls.** The Government of Kosovo has already conducted the first call for tender for extension services. It is believed that the same practice will follow for future years, offering a great opportunity for the development of the new organization. Assuming that several service provider organizations will compete in such tenders, the support of IC, both financially and in document preparation, would be very helpful.

e. Target groups.

The private extension organization should operate parallel to public extension services. However, the target groups should be different. The new organization should focus on market-oriented farmers who grow cash crops. The organization must deal with both, fruit and vegetable growers. It must take care not to have a narrow target group in terms of crop diversification or territory; otherwise, it would not be competitive in the small market, be time efficient, and be a reliable partner for different donor organization.

Other potential clients for the organization could be different donor organizations aimed at agricultural or rural development. The organization could provide specific services, on behalf of these donors, to both commercial and small non-market oriented farmers.

5. Consultancy products.

It will be important for the new organization to define and properly market some clearly distinguished consultancy products. A consultancy product means a well-specified service in terms of quality, timing, and frequency of delivery and with a well-defined corresponding price. It is expected that the organization will develop different kinds of consultancy products, according to market trends and its own internal capabilities. A menu of the most frequently demanded groups of products is listed below:

- a. **Field consultancy** (crop management, plant protection, plant and soil analyses, plant nutrition). The field consultancy should be the core activity of new organization. It is what is expected from a private extension organization. It would benefit the organization to develop packages of services, for example, combining field visit services with plant and soil analyses, in order to attract private farmers to use their services.
- b. **Coaching** (crop selection, planning, market research, and marketing). There would be opportunities to develop some specific consultancy products, mostly regarding market research and marketing, which would not require visits to the farm. Instead, the services could be offered in the organization office, by telephone, or through email. Similarly, advice on farm planning and crop and varieties may also be offered in the same way.
- c. **Project and business plan writing**. It is expected that the government of Kosovo will start a subsidy program for specific agricultural activities. Preparing and submitting a written plan for a project will be a precondition to applying for the subsidies. Also, it is common for commercial banks to ask for reliable business plans before they provide loans of any considerable amount of money. In both cases, qualified expertise is needed. Therefore, it is important for the organization to train at least few of its staff with these kinds of skills and to develop the respective consultancy products.
- d. **Project implementation**. It could happen that donor organizations may need someone local to implement certain objectives, or the donors may announce a call for proposal in the framework of a large project. These cases should be considered as good opportunities, not only from an economical aspect, but also as a mean to enlarge the organization's network and enhance its own internal capacities.

6. Mode of operation.

The service provider organization will offer paid qualified services, assuming it will be able to cover its entire budget through market revenues after a certain period of time and be financially sustainable. Though the organization is assumed to be financially supported by the Kosovo Government and IC, it must pay close attention to its financial performance from the beginning. It will be the most visible and appreciable indicator for the success of organization, and could be used to attract the attention and interest of other donor agencies. One common mistake of new service provider organizations in agriculture is that they charge a very low price for their services in the beginning. The justification for low fees is that farmers are not used to paying for consultancy services and they are not able to afford a high price. Usually, this is not true. Indeed, nobody will be willing to pay more than a service is worth, and especially if there is not added-value incentive for the service. That raises the issues of quality of service and proper price calculations. Currently, there are many examples which demonstrate that once the prices of a certain advisory products have been established, it is hard to increase them later. Therefore, the new organization must start from the beginning with two different types of prices regarding different types of consultancy products:

- a. Full price (project and business plan writing, project implementation).
- b. Subsidized consultancy price, but not too low (field consultancy, coaching, farm management).

7. Staff selection.

The selection of the right staff is a key issue for the new organization. It is strongly advised that the selection of staff be based on applications. This means that the vacancies, requirements, and job descriptions will be published in several different media sources and then a selection committee would select the best candidates. It is recommended that prior to beginning the hiring process, the Management Board selects and appoints the Management Director, who would be responsible for the organization's staff selection procedures. The management director must be a member of selection committee for hiring the rest of the staff, and he should have a strong voice in the final choice.

A two-step selection procedure is recommended. This means that a large number of candidates would be accepted in the first round. They will attend a training course, and then several months later, a second round of selections will be conducted. The final selections will be based on training records (test results) and consultancy performance. The estimation of consultancy performance of pre-selected candidates will be based on the number of signed contracts that they collected during the training period.

It would be good for the organization to start with a small number of consultants. They would be the core group of the organization, and several other people could be hired as part-time consultants. The second group of consultants could potentially become full-time employees if they have a very good individual performance or if there is a demand from the organization.

It is compulsory that a full time consultant is solely employed by the organization, or at a minimum, he must not have other activities or businesses which could cause a conflict of

interests with organization. This requirement should be of less significance for part-time consultants, but should still be taken into consideration. Other specific requirements for staff selection have to be defined by the management director according to his view of the organization's development and planned activities.

8. Staff performance estimation.

Each consultant will be responsible for his own performance, while the management director will be responsible for the performance of the whole organization. Staff and organizational performance should be examined monthly and annually. This means that each consultant must compile a detailed plan of activities and progress is monitored monthly. The most important indicators of consultants' performance might be;

- a. Number of signed contracts.
- b. Size of contracts and cashed amount.
- c. Continuity of assigned contracts.

9. Staff remunerations.

The remuneration of staff must be according to their individual performance and contribution to the organization's success. The remuneration scheme should be composed of a basic salary and incentives. The basic salary should be enough to motivate the staff, but it should not be too high, because it may negatively affect the financial performance of the organization. Incentives should be based mostly on individual performance, but some group performance could also be considered. The incentive for the management director should be totally based on group performance. The incentives should be provided in the form of cash or additional training, field visits, individual facilities, etc. The basic salaries and incentives must be carefully calculated and clearly defined in the business plan of organization.

10. Staff training.

All of the pre-selected candidates should attend a training course, in order to be equipped with the basic elements of consultancy skills (communications, marketing of services) and to refresh and upgrade their knowledge of agronomy. Additionally, some basic elements of farm economics will become part of their professional background. The training could be organized in several compact courses, each with a specified topic, 3 to 5 days each. The courses should be conducted by well-qualified experts who are well-connected with the practical issues of horticultural production. In order to have a well-balanced theory and practice ratio, several field trips to neighbouring countries should be involved in the program. The proposed training program is outlined below. The respective budget is attached in a separate document.

- a. Communication and commercial conversations.
 1. Communication.
 - Basic elements of communication.
 - Communication as a process.

- Verbal and non-verbal communication.
 - Communication as a tool to solve disputes.
2. Commercial communication.
 - Basic components of commercial communication.
 - The estimation of clients' needs.
 - The estimation of client willingness to buy consultancy services.
 - Communication skills.
 - Consultancy offer.
 - Objections.
 - Ending the commercial conversation.
- b. Marketing of services.
1. Introduction to consultancy.
 - What is consultancy?
 - Who needs consultancy?
 - How can consultancy be developed as a business.
 2. Consultancy products
 - Consultancy product identification.
 - Consultancy product characterization.
 - Consultancy product pricing and marketing.
 3. Management of information services.
 - What is an information system?
 - What kind of information needs to be collected, processed, and shared.
 - Commercial information management.
- c. Vegetable crop production technology.
1. Plant-soil relationships
 2. Plant-water relationships.
 3. Basic principles of vegetable plant propagation.
 4. Open field vegetable production versus greenhouse vegetable production.
 5. Basic principles of microclimate control in protected cultivation.
 6. Basic principles of vegetable physiology.
 7. Basic principles of vegetable plant nutrition.
 8. Basic principles of vegetable crop management.
 - Tomatoes, peppers, and eggplants.
 - Cucumber, melons, and watermelons.
 - Cabbages and cauliflowers.
 - Onions and leeks.
 - Lettuce and spinach.
 9. Basic principles of vegetable plant protection.
 - Major vegetable crop diseases.
 - Major vegetable crop pests.
 10. Non-infectious vegetable plant diseases.
 11. Basic principles of vegetable post-harvest and marketing.
- d. Basic elements of farm economics.
1. Farm budget.
 2. Crop budget.
 3. Gross margin analyses.
 4. Business plan preparation.

11. Certification.

After the training course is finished, a certification of attendance will be issued to successful candidates. It should be a pre-condition for the final selection of full-time consultants by the organization. There is also a need to check into the possibilities of if this certificate could be recognized by governmental authorities.

12. Basic facilities.

The service provider organization will need some basic facilities to run its business. The most important will be an office, communication facilities, and means of transportation. The nature, quantity, and respective costs for each must be clearly defined in the organization's business plan. Probably, it would be the duty of IC to support the new organization with these kinds of facilities, either by transferring some of its own facilities or purchasing new ones. Obviously, the transportation costs would be very important for the financial performance of organization. Therefore, grants of second-hand vehicles would greatly help the organization.

13. On-going support.

Once the organization has started its activities, some additional support should be provided in order to upgrade its staff performance and to enhance its own capacities. IC may facilitate these needs by depositing additional funds in a specified bank account to be used by organization after IC has phased out. The most needed issues are listed below:

- a. On-demand training and additional literature.
- b. Field visits (organized field visits to advanced farms and institutions in the region).
- c. Management and technical back-up (periodical short-time assistance of qualified experts, joint field visits of local consultants and invited experts to selected clients).

14. Management of information system.

The organization must compose and develop an internal information system. The information system must provide information to the management director for the performance of each individual consultant, and also it must provide the right information to the management board on the performance of organization. There is no need for a complicated computerized system, but still it must provide enough information on the continuity of organization and on each individual consultant over time. Preferably, the information system should be administered and maintained by the office manager. The type and frequency of reporting, issues to be reported, and indicators of performance must be part of the system.