



Women producers harvest ripe raspberries, Bosnia and Herzegovina. © Oxfam

# SUPPORTING PRO-POOR BERRY VALUE CHAINS IN BOSNIA AND HERZEGOVINA

**Bosnia and Herzegovina is one of the world's largest producers of raspberries. Oxfam has been implementing a pilot project that explores how poor smallholder farmers – especially women farmers – can benefit by participating in raspberry production. The project has worked to adapt raspberry growing practices in favour of poorer smallholder farmers, and to support the development of stronger and more inclusive farmer organizations. This case study sets out some initial lessons and recommendations arising from the pilot project.**

# INTRODUCTION

In 2014 Oxfam in Bosnia and Herzegovina was selected by the International Fund for Agricultural Development (IFAD) to implement the 'Pro-Poor Value Chain Development' pilot project.

The 10-month pilot project was designed to test the hypothesis that poor farmers can successfully participate in value chains producing and marketing berries, through their involvement in stronger farmers' organizations and fairer commercial relations with the private sector. At the same time, the project aims to build the capacity of government actors involved in the implementation of similar development interventions to ensure the change resulting from the pilot project is sustainable.

The pilot project seeks to:

1. Maximize the inclusion of smallholder farmers and vulnerable rural people (particularly unemployed young people and women-headed households) in the berry value chain;
2. Work with inclusive farmer organizations which demonstrate willingness and capacity to absorb increased numbers of (poor) smallholders, and are able to support market access for their products; and
3. Work with private sector actors involved in berry value chains.

The pilot seeks to show that directly targeting poor farmers and including them in existing (and more efficient) value chains is feasible. This is especially important in a middle-income, fragile country like Bosnia and Herzegovina, where a misconception exists within some development communities that a 'trickle-down' approach (which is the theory that economic benefits provided to businesses and upper income levels will indirectly benefit poorer members of society) will result in a tangible impact on the poor and more vulnerable segments of rural communities.

# ABOUT OXFAM'S PROGRAMME

Bosnia and Herzegovina has an overall national poverty rate of about 20 percent<sup>1</sup>. However, there are dispersed and remote 'pockets' where poverty rates are much higher. Poverty is characterized by the social exclusion of certain ethnic and religious minorities and internally displaced people and returnees, and a lack of access to basic services.

The project target area comprised the three municipalities of Maglaj, Zavidovići and Žepče. Farmers typically cultivate small plots of land (less than 0.5 hectares). Poverty analysis found very high levels of poverty and unemployment in these areas, and a majority of the population in these areas is vulnerable to falling back into poverty.

The berry sector in Bosnia and Herzegovina is strongly export-oriented. Berries account for over 50 percent of the total exports in the fruit and vegetables sector and raspberries account for over 75 percent of total berry exports<sup>2</sup>. Bosnia and Herzegovina is the 11<sup>th</sup> largest producer of raspberries in the world<sup>3</sup>, producing more than 10,000 tons in 2014<sup>4</sup>. The berry value chain has developed around the country and thousands of producers are already involved in berry production.

Women typically play an active role on berry farms – planting, weeding, harvesting and sorting. Men usually manage the overall business of the farm. While cooperatives often consider women to have participated in training and meetings in equal measure to men, women's decision-making power at the farm level is often limited. During the diagnostic assessments at the beginning of the project, fewer women attended the farmers' workshops. When interviewed, women generally could not provide the same level of information relating to the business aspects of farming as men. Because of this, Oxfam decided to make more explicit efforts to include women in the project activities and to build women's knowledge and confidence to participate in discussions and decision-making within their households and farmer organizations.

As part of the pilot, the project team undertook a thorough value chain analysis using a 'pro-poor' lens. This aimed to identify the ways in which the berry value chain would need to be adapted in order to benefit poorer and more marginalized groups of farmers.

The analysis found that value chain actors were not directly addressing the 'pro-poor' agenda. This, despite a number of value chain development interventions had been developed to directly improve the livelihoods of the more vulnerable actors in the chain, and to improve their equity. In other words, inclusion of the poor in the value chain to date has happened only by chance, not because of the planned effort. None of the value chain members had specific activities or interventions

aimed at including the poor in the value chain. The analysis also found that the berries business model was characterized by:

- Production restricted to one industrial berry variety (with a harvesting season of just 45 days);
- Emphasis on sales of frozen raspberries (98 percent of raspberries are exported frozen), resulting in the value chain being concentrated on a single distribution channel;
- Low yields in the target area.

Adopting a 'pro-poor' approach meant selecting farmers' organizations using criteria from a purposefully designed scorecard, which analysed the FOs based on their practices related to membership, landholding size, market channels established, services & incentives and general assessment. It required the project team to identify which of the challenges in the value chain were most critical with regards to poverty alleviation, women's empowerment and improved opportunities for young people.

The pilot project was designed by Oxfam with the following aims:

- To enhance farmer organizations' collective marketing efforts;
- To increase farmer organizations' outreach to smallholder farmers and landless poor people in the target areas;
- To strengthen the identification of value chain actors' needs and the coordination of the delivery of technical assistance, training and other services; and
- To identify the package of investments needed to strengthen competitiveness within the berry value chain, and enhance the marketing of products.

The pilot aims to target 1,370 farmers, with 70 percent of total investments supported through the value chain targeting poor farmers directly. Additionally, 200 indirect beneficiaries involved in berry production would benefit from investment in a larger cold-storage facility, co-financed through a public-private partnership facilitated under the pilot.

The pilot is projected to have the following medium-term impacts within the berry value chain in Central Bosnia and Herzegovina:

- The inclusion of new farmers in the berry value chain, targeting poorer and more vulnerable farmers for inclusion;
- Yields increased by more than 20 percent for existing farmers;
- Farmers receive higher prices for raspberries;
- Increased total raspberry output over the next two years;
- Extension of the harvesting season from 45 to 135 days through the inclusion of new berry varieties;
- The introduction of three new distribution channels, resulting in improved profitability for value chain actors.

The intended longer-term impacts include:

- Increased commitment from local governments, through more planned allocation of municipal subsidies;
- Long-term commitment from the private sector towards local economic development, through the co-financing of a cold-storage facility; and
- Improved livelihoods of smallholders, through their more profitable involvement in the berry chain.

# WHAT HAS OXFAM LEARNED?

The pilot was designed to test whether or not a value chain approach could be adapted to be made suitable for working with more vulnerable producers. Many stakeholders within the public administration and donor community held the view that this would not be the case. Because of this, it was important to make significant efforts at the outset of the project to understand the poverty dimensions, the underlying causes for social inequality, and how these are impeding more equitable participation of smallholders in value chains for which remunerative markets exist. The project team also needed to develop a clear understanding of the operating models of farmer organizations in order to understand the existing relationships and potential for inclusion of more vulnerable smallholders.

Emerging lessons from the implementation of the pilot project include the following:

## Finding pioneers is key

Pioneers are actors who are not afraid of change. In the berry value chain pilot project, the pioneers included the first set of new farmers who were willing to produce new varieties of berry. Oxfam learned from one farmer organization in the pilot area that some farmers and a buyer had been discussing the possibility of growing a new type of raspberry – one that is more suitable for exporting fresh, not frozen. This variety produces larger fruit, with a longer shelf-life, but the farmers had no experience with it and were concerned that it would not grow well in their region. The buyer insisted that he needed at least 40 farmers to ensure sufficient quantities of raspberries for export. The farmer organization had identified a group of interested farmers, but planting did not initially take place because the farmers were concerned about the risks involved. However, with support of the pilot initiative, farmers were willing to begin planting the new variety, creating a pioneer group. Starter packages<sup>5</sup> aimed at poor farmers enabled the pioneer group to expand from 40 to 240 farmers, making the production base more attractive to buyers.

## Build on existing initiatives

It is important to build on existing initiatives in the project intervention areas. This creates synergies that can result in more efficient use of project resources and a wider outreach. In the case of the pilot, the project recognized some nascent but undeveloped initiatives for the production of new varieties and processing of raspberries, and built its activities around these initiatives.

## Farmer organizations need holistic support

The pilot project promotes collective action through direct support to farmer organizations. This support includes activities intended to strengthen the management of farmer organizations and other activities aimed at increasing the representation of poor farmers within the cooperative. Lessons learned from the project suggest it is important to adopt a holistic approach when supporting a farmer organization. This requires the design and delivery of a coordinated package of services to support the desired process of change.

## Quantify the expected benefits, but plan conservatively

Quantifying the expected project benefits is key to attracting increased local support (and co-financing) and can also enable the development of public-private partnerships. Through the analysis developed by the project, the authorities at various levels realized that the support to poor farmers is not purely a social spending, but has a significant development impact and will in fact generate enough tax revenues to fully cover the initial support costs. Governments can benefit from such partnership arrangements that clearly delineate roles and responsibilities: the dual objective of attaining and spurring economic development while also achieving social gains for the more vulnerable, is facilitated through the collaborative framework that results from public-private partnerships. The Government of Bosnia and Herzegovina has noted the significant advantages offered by the pilot approach, and is gradually implementing the pro-poor value chain approach within its country-wide interventions.

At the same time, it is important not to set the expectations for a short pilot project of this kind too high. Many assumptions and risks exist that can create delays and challenges during implementation – including the success of durable partnerships among value chain actors. For this project Oxfam took care to plan conservative targets, in close consultation with the value-chain actors.

## Work through partners, but ensure that the purpose of the intervention is clear

For Oxfam, working through local partners is essential. In this case, Oxfam entered into partnerships with local farmer organizations, the three municipalities, and the local development agency. Co-implementation (with and through partners), with partners assuming progressively more responsibility, is important for the longer-term sustainability of programme initiatives. It also ensures that the project is informed by deep knowledge of local dynamics.

Given the key role of partners in the success of the project, it was very important to ensure that the project team and all of the partner organizations were clear about the aim of the project, and especially the need to target poor and vulnerable smallholders for the intervention.

## Include gender analysis from the outset

The project was able to collect sex-disaggregated quantitative data during the preliminary analysis. However, ideally the project should have undertaken dedicated gender analysis at the outset, in order to design an action plan aimed at maximizing gender equity within the value chain. Future similar initiatives should factor in dedicated resources for such an analysis at the outset. Despite this, the pilot has been able to promote a greater focus on gender issues within the farmer organizations.

## Targeting the poor in value chains requires extra effort

The experiences of the pilot project so far show that targeting the poor requires dedicated effort. This starts with analysis using a 'pro-poor' lens; incorporates the knowledge of the poor and their needs assessment; and results in the design of dedicated packages of interventions to improve their participation in any given value chain. However, monitoring how the increased expected investments in the value chain will be distributed and shared, especially with the more vulnerable target groups, remains a challenge for the pilot project. The local development agency has been engaged as a local facilitator and to help in the monitoring and evaluation of the project, including monitoring the distribution of benefits.

It is important to acknowledge that changes in the value chain in favour of more vulnerable farmers will affect existing value chain participants. These may feel threatened by the project, or desire that more project resources should be directed towards them. It is important not to forget the ultimate objective: in this case, the inclusion of the poor. During the implementation of the intervention, Oxfam and its partners made considerable efforts to facilitate discussions with the project participants. These focused on demonstrating that while the 'pro-poor inclusion' dimension was new to everyone, the strengthened coordination mechanisms that would result from the intervention along the value chain would yield benefits for all those involved. This strengthening of coordination mechanisms among the value chain actors, and the participation of local development agencies from the outset of the project, are central to achieving the project's long-term goal.

# CONCLUSIONS AND NEXT STEPS

The pilot is still on-going and it is too early to draw conclusions about the extent to which the results will support the assumptions about the development of pro-poor value chains that underlie the project.

Nevertheless, the action and investment plan which was developed as a result of the pro-poor value chain analysis identifies a number of necessary future investments and actions. The model is expected to be scaled-up through larger pro-poor value chain interventions to be implemented by the government. Oxfam's longer-term vision is that the government should become accountable for promoting the 'pro-poor' agenda in agricultural value chains in Bosnia and Herzegovina.

# NOTES

<sup>1</sup> World Bank Report 2013:  
<http://web.worldbank.org/archive/website00978/WEB/OTHER/62B3E2E7.HTM?OpenDocument>

<sup>2</sup> BiH Foreign Trade Chamber and USAID/Sida FARMA

<sup>3</sup> FAOSTAT

<sup>4</sup> BiH Agency for Statistics

<sup>5</sup> A starter package in raspberry production includes seedlings, irrigation system, fertilizer, crop protection and soil analysis. Fifty percent of the costs of this were subsidized by the project. The farmers were also required to fully cover the costs of soil preparation, poles used for the production and harvesting, making the overall split of costs around 70/30 (smaller share comes from the project)

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