

**ASSESSMENT OF THE POTENTIAL AND CHALLENGES FOR
DEVELOPING PRODUCER ORGANIZATIONS IN MACEDONIA
WITH RECOMMENDATIONS FOR AGBIZ SUPPORT**

USAID/AgBiz

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Prepared by Idea O.K.



"Ognjen Prica" 1-3/18

1000 Skopje, Macedonia

tel/fax: +389 2 3221-220

e-mail: contact@idejaok.com

Consultant: Zvonko Naumoski

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EXECUTIVE SUMMARY

USAID's AgBiz program is interested in conducting an Assessment of the Potential and Challenges for Developing Producer Organizations in Macedonia and developing a set of recommendations support to be used in facilitating the development of sustainable producer organisations in the value chains the Program supports. This will allow USAID and other donor projects to develop activities that will contribute towards the development of sustainable producer organisations, and therefore enhance the competitiveness of the value chains we support. The assessment includes stakeholders from all relevant segments which can contribute towards the development of producer organisations in Macedonia, including established cooperatives currently supported by SNV, already existing cooperatives, regional associations of agricultural producers, informal groups of producers aiming to register a cooperative, fresh fruit and vegetables traders on different level of development and processors. Joint regulation of the market with agricultural products and foodstuffs and for that matter the formation of producer organizations are results on which the European Union is proud of. The Community provides financial incentives for the establishment of such organizations. According to EU regulations, "producer organization" means a legal person where the principles of free will and economic incentives are associated individuals and entities for joint regulation of the market for agricultural products. EU Member States have an obligation in their legal systems regulations to regulate the forming and distribution of support to the producer organizations. Producer organizations as key actors in agricultural development are a major part of institutional reconstruction, one that uses collective action to strengthen the position of smallholders in the markets for farm inputs and outputs. By reducing transaction costs, strengthening bargaining power and giving smallholders a voice in the policy process, producer organizations are a fundamental building block for the development of the agriculture. The producers' organizations are the only structures in the fruit and vegetable sector, which may receive financial support from the EU. The benefits from the operation of the producers' organizations can be divided into three groups: (1) benefits for the members of the producer organizations; (2) benefits to the fruit and vegetable market; (3) benefits for the consumers of the products. In 2010 MAFWE decided to start promoting and supporting the development of Producer Groups and Producer Organizations as prescribed by the EU CAP. By adopting the new Law on Agriculture, MAFWE and the GoM have committed to implement the requirements of the EU CAP on forming and recognizing Producer Organizations and the support that will be granted to the recognised Producer Organizations, first from the national Producer Organizations support measures and after joining EU from the EU support funds. The process and procedures for development of the producer organisations as defined in the Macedonian Law on agriculture and rural development are elaborated in the assessment. Producer organizations can be established by producers of vegetables and fruits on its own initiative. The principles of free will, economic motivation and readiness for consistent implementation of commitments and pursue self-control are essential

elements. Producers' organizations can be created to produce one or several products - fruits and/or vegetables. As one of the basic aims of the producers organisations is to successfully market their products, a special attention is placed on the quality and quantity of contracting practices in Macedonia. To be more competitive, to have an impact on the markets and to have access to EU funds, small producers need to be members of producers' organizations. This is especially true for vegetable growing in Macedonia, which in spite of some positive developments remains, small and highly fragmented. Prevailing is the proportion of the farms of natural persons (over 99%). In many cases, farmers marketed their produce individually rather than collectively, thereby limiting their ability to receive a higher return from the market. On basis of all conclusions, comments and findings stated in the assessment, it is recommended that support should be provided to MAFWE in overcoming major difficulties that producer organisations are or will be facing. Support should also focus on the producer organizations itself, such as building the capacities and organizational strengthening. Financial and technical support may be welcome, but it should not become so dominant that the producer organizations becomes dependent on it for its very existence.

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1. ASSESMENT BACKGROUND

The USAID supports the economic growth in Macedonia through programs that strengthen and improve competitiveness of Macedonian businesses, improve the business environment, and encourage local economic development. USAID/Macedonia has awarded ARD the Task Order for the Macedonia Agribusiness Activity (AgBiz).

The goal of AgBiz is to increase economic growth in Macedonia through expanded, environmentally sustainable production and sales of value-added agricultural products by enabling producers and processors to compete regionally and globally.

AgBiz has the following objectives:

- Better enable agribusinesses to understand, identify and enter new export food markets;
- Increase producers' and processors' capacity to understand and meet market demand for added food products;
- Enhance market linkages between producers, processors, and traders;
- Improve business management and operations throughout agribusiness integrated supply chain and value chains; and
- Produce greater incomes for agricultural producers and processors, and create new employment opportunities.

USAID's AgBiz program is interested in conducting an Assessment of the Potential and Challenges for Developing Producer Organizations in Macedonia and developing a set of recommendations support to be used in facilitating the development of sustainable producer organisations in the value chains the Program supports. This will allow USAID and other donor projects to develop activities that will contribute towards the development of sustainable producer organisations, and therefore enhance the competitiveness of the value chains we support.

This assessment analyzes:

- Past and existing trends of agricultural producer groupings in the FF&V value chain;
- Identifies the factors contributing to successful and unsuccessful cases;
- develops a set conclusions; and
- makes recommendations for support to be used in facilitating the development of sustainable producer organisations

The preparation of the assessment has been awarded to Idea OK evaluated as the most adequate organization that participated on the bidding process for the development of the assessment.

2. PRODUCERS ORGANISATIONS IN THE EU

The Common Agricultural Policy (CAP) for the European Union was established in 1963 and has provided the basis for Europe's food and agricultural programs. Following post-war shortages, Europe began to explore ways to become self-sufficient in food and agricultural production at the regional level. The Treaty of Rome set the stage for the CAP by establishing guaranteed markets as well as a fair price for agricultural producers.

Common Market Organizations (CMOs) were also introduced in the original CAP and still exist today. Within CMOs, each group of food and agricultural products is organized by harmonized rules. The Common Market Organizations govern production and trade of agricultural products from each member states of the EU. They aim to reach the CAP objectives and notably stabilize the market, increase agricultural productivity and guarantee a stable income for farmers. The CMOs cover about 90 percent of the agricultural production in Europe. For practical purposes, the CMOs set the price of agricultural products for each European market. They allocate subsidies to producers in the sector, establish the mechanisms that regulate the production (quotas, set aside, national guaranteed quantity) and set the terms for exports and imports with developing countries.

So that producers can make best use of the resources allocated to them and achieve the objectives of the market organizations, on a voluntary basis they may group themselves in producers' organizations.

The Common Agricultural Policy is governed by demand. This includes important the policy of rural development, which supports many rural initiatives and has helped farmers to diversify production, improve marketing of agricultural products and restructuring of the agricultural business.

Joint regulation of the market with agricultural products and foodstuffs and for that matter the formation of producer organizations are results on which the European Union is proud of. The Community provides financial incentives for the establishment of such organizations. In the process of evermore competitive and market oriented agricultural economies, a support in a specified period is available to small agricultural holdings according to EU legislation.

The Common Market Organization for F&V differs from other CAP regulations applied to other agricultural products. The basic regulations covering fresh F&V, processed F&V were laid down in 1996. For fresh products, the system is characterized by support to Producer Organizations (POs) under Operational funds as well as and intervention measures through market withdrawals compensated with Community funds. Processed products are guided by a system based on direct aids to producers according to national thresholds with penalties if processed volumes increase beyond fixed limits.

2.1 THE EU LEGISLATION IN CONNECTION WITH THE PRODUCERS ORGANIZATIONS IN FRUIT AND VEGETABLE SECTOR

The legal regulation of this area in the EU includes the following regulations: Council Regulation no. 1234/2007 of 22 October 2007 establishing a common organization of agricultural markets and specific provisions for certain agricultural products.

Commission Regulation no. 1580/2007 to determine the rules for applying Council Regulations no. 2200/96, 2201/96 and 1182/2007 in the fruit and vegetable sector.

These regulations are the basis for regulating the market in fruit and vegetables, as well as basic principles and rules for establishment and operation of producer organizations.

Based on these provisions, each with their own regulations governing the specific conditions for the formation of producer organizations and using the authority given by these provisions in their laws may prescribe more stringent conditions than those prescribed in the regulations.

2.2 What is a producer organization?

Producer organizations can take many forms, ranging from formal institutions, such as cooperatives, to informal producer groups and village associations. A number of typologies have been developed that distinguish producer organizations on the basis of their legal status, function, geographical scope and size. Mainly three categories of functions are distinguished: economic services by commodity-specific organizations, broad interest representation by advocacy groups, and diverse economic and social services by multipurpose organizations.

Organizations that provide economic services include processing and/or marketing the products of their members. Producer organizations can give smallholders a political voice, enabling them to hold policy makers and implementing agencies accountable by participating in agricultural policy making, monitoring budgets and engaging in policy implementation. Such advocacy organizations, may lobby local, regional or national policy makers on behalf of their members. Multipurpose organizations, particularly those at the community level, often combine economic, political and social functions. They provide farm inputs and credit to their members, process and/or market their products, offer community services and carry out advocacy activities. All Producer organizations are characterized by two principles: utility and identity. The utility principle ensures that Producer organizations are useful to members and that members are actively committed to achieving jointly agreed upon objectives. The identity principle refers to the fact that members usually share a history and a geographical space, that they have agreed upon a set of rules that govern internal relations among members, and external relations with the outside world, and that they have a common vision of the future, both for themselves and for the group.

Probably the best-known formal Producer organizations are the cooperative. According to the International Cooperative Alliance (ICA), a cooperative is an

'autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise'. This definition emphasizes that a cooperative is both an association of members and a jointly owned commercial enterprise. The latter engages in commercial activities such as the processing and marketing of farm products or the purchasing of farm inputs.

In many countries in cooperatives have a negative connotation because in the past they were initiated and managed by the state. Producers were forced to become members and were obliged to sell their products through the cooperative marketing organization. The distribution of farm inputs was also carried out by state-run organizations called cooperatives. The state domination, low efficiency and even fraud that accompanied many of these organizations have led to a deep distrust among producers of any collective organization. To reduce some of this distrust, the word 'cooperative' is no longer used in former socialist countries, even as collective organizations are now reappearing.

According to EU regulations, "producer organization" means a legal person where the principles of free will and economic incentives are associated individuals and entities for joint regulation of the market for agricultural products, and after fulfilling the prescribed conditions is recognized by the responsible national authority for Agriculture.

Organizations of producers of agricultural products can be recognized: for one product, group of product or several groups of products under conditions and procedures prescribed by EU regulations.

2.3 Obligations of the States for regulating this area

EU Member States have an obligation in their legal systems regulations to regulate the forming and distribution of support to the producer organizations. According to EU regulation, states when making the regulations on the conditions and procedure for recognition of producer organizations, must provide basic, minimum requirements specified by regulation, the states can provide even stricter criteria regarding the minimal number of members, the size of the common turnover and so on.

Basically, producer organizations are organized on principles that apply for agricultural cooperatives, except that the producer organizations of despite the status as legal entities must be recognized by the Minister responsible for agriculture.

Therefore, special procedures and conditions are set of, which are important for getting financial support, which is assigned to this form of association for achieving their stated objectives for regulating the market.

States have an obligation in their legal systems regulations to regulate these particular issues:

- Prescribe conditions and procedure for recognition of producer groups and their preliminary recognition, especially in cases of use of financial support, the need for more precise definition of responsibilities for preparing operational plans, financial programs, reporting obligations

and more.

- Adoption of legislation that will provide the conditions, necessary documents, processes and procedures for acquiring the status of recognized producer organizations if it meets the prescribed conditions;
- Develop obligations of the competent national authority in respect of request for recognition as producer organizations, the time for decision making, prescribing type and content of documents and register;
- Enable a recognition process only for organizations that has clearly defined their objectives and developed statute and rules with precisely defined rights and obligations of members, and procedures for sanctioning violation of the statute.

2.4 Producer organizations in Macedonia

In 2010 MAFWE decided to start promoting and supporting the development of Producer Groups and Producer Organizations under the CMOs support as prescribed by the EU CAP. By adopting the new Law on Agriculture, MAFWE and the GoM have committed to implement the requirements of the EU CAP as regulated by EC 1580 and 1182, which contain specific rules regarding the fruit and vegetable (F&V) sector, including product standards for fruit and vegetable products. Beside the provisions on forming and recognizing Producer Organizations the new law on agriculture also defines the support that will be granted to the recognised Producer Organizations, first from the national Producer Organizations support measures and after joining EU from the EU support funds. This support is set as a yearly payment to the Producer Organizations an amount equaling 3,7% of the annual turnover of the respective producer organization. This is an adequate motivation that will most likely initiate accelerated forming of functional producer organizations in Macedonia.

3. APPROACH AND METHODOLOGY

The assessment includes stakeholders from all relevant segments which can contribute towards the development of producer organisations in Macedonia, including established cooperatives currently supported by SNV, already existing cooperatives, regional associations of agricultural producers, informal groups of producers aiming to register a cooperative, fresh fruit and vegetables traders on different level of development and processors.

As the assessment focuses on several aspects of organising agricultural producers, including:

- awareness assessment of the existing organisations and possible founders of new organisations regarding the possibility for support from the national and EU funds,

- the readiness to move in direction of upgrading or creating a completely new organisational structure in order to use this support,
- the assumptions of the interviewed stakeholders regarding their potentials to develop the needed structure,
- the possible role of the major stakeholders (GoM, donors, private sector) in the process of development,
- readiness of the producers to join in to organisations,
- assessment of local capacities for developing and maintaining producer organisations, readiness to build up trust between producers and other possible partners in the development process.

Special attention was devoted to the selection of entities to be interviewed as it is vital to differentiate role-players with positive and supportive attitude towards development of producer organisations and role-players which undermined such efforts in the past. Furthermore, the objective was to identify the attitudes of the Macedonian agricultural producers and traders towards association and collective activity. Since most entities in the agricultural sector are involved in the production and trade of more than one crop, the assessment was carried out on an adequate sample. The selected entities are active both horizontally and vertically across the value chains. Some of them work exclusively in one value chain including the value added products.

The assessment was carried out through semi structured interviews and discussions, held with selected entities. To implement the interviews, a questionnaire was developed and approved by AgBiz, in which the closed questions prevailed, and thus the aim was the differences in the assessments of the respondents to be revealed.

Using this approach, information from 17 entities was collected. The interviews were conducted in February 2011. The study is also based on a number of normative documents, official reports and statistics.

This selected approach allowed collection and analysis of adequate quality and quantity of information on different models and different entities. The obtained data was introduced in to an electronic matrix which allowed further extrapolation of results and conclusions.

In defining producers' organizations, during the assessment the focus was on three determining characteristics in relation to their purpose, structure and main activities. A Producers' organization is a rural business; it is an organization owned by producers, controlled by themselves, dealing with collective commercial activities. To survive in the long term, it must provide real benefits to its members and cover their costs from their business income. A Producers' organization is a business that aims at delivering business-oriented services to its members.

4. Assessment Findings

4.1 GENERAL INFORMATIONS ON THE AGRICULTURAL SECTOR

The agricultural sector in Macedonia is very diverse, with products and entities involved in number of activities which are sometimes difficult to differentiate. Being a small country with limited market and relatively small production, agricultural producers in Macedonia tend to diversify their production and capitalize on emerging opportunities. More or less the same diversification in activities is present in the companies working in the agricultural sector. The primary development is usually along the horizontal axis of their businesses activities, however consequently they make vertical progress along the value chain. In this regards most of the companies are included in more than one commercial activity. Some traders and processors are involved in production, while some companies are both producers and processors. Producers in turn, try to engage in trade bypassing the traders and venture into semi processing and sales of prod

For reasons of better understanding the roles of the stakeholders in the agricultural sector all stakeholders are analysed. This will provide sufficient informations on the complexity of the sector and the crosscutting interests of different stakeholders.

Producers

The Macedonian producers divided on basis of the arable land include largely individual, small-scale, subsistence farmers (80%) and legal entities (20%) spawning mostly from the former agricultural combinats and cooperatives.

Individual producers

There are 192,378 individual farming households in the country, with a total of 476,613 residents involved full or part time in agricultural production.

As expected not all Macedonian farmers are alike, however some 75% share specifics of a uniform socio-economic group. The remaining 25% show different operational patterns usually associated with small and medium companies.

The typical Macedonian farmer is on the verge of poverty, producing labor intensive crops on small parcels and has little chances of developing and growing through agriculture. Out of the eight crops he produces in average two are cash crops and the rest are subsistence crops. Farmers in general have reduced living expenses; however they still depend on funds from the cash crops and coming in time, for covering their basic needs. The average farmer is generally idle for at least four months in the year, due to the seasonal cropping calendar. Reinvestments are minimal in modernization or enlargement of the agricultural production and investment in the next season's production is often credited. Lack of knowledge and experience on entrepreneurship, is a heritage from a centralized socialist system and lack of skills for management of finances additionally aggravate the problem.

Legal entities

Legal entities working in agricultural production are largely privatized former Agro Combinats. In most cases they are operating as concessioners of State owned land, as this is the only consolidated arable. There are some 300 legal entities in the country, with contribution of some 20% to the overall agricultural production. Largest representatives are involved in grape and fodder/cereal production and very few (apart from greenhouses) are involved in vegetable production. These entities range from small with few hectares, up to large holdings of few thousand hectares. Some are involved in very sophisticated production and heavy investments, taking agriculture on a new level. Others are still lingering on the verge of success with outdated mechanization, production practices and habits. For the purposes of this study, the established companies by individual farmers (in accordance to the legal provisions for registering farmers) are considered as alteration of the individual farmers concept, rather than as legal entities.

Producer organizations

Till recently the producer organizations were defined as Association's of Citizens (Farmers) or Cooperatives, as only these two models for joining agricultural producers were recognized in terms of legal framework. The Associations as a model of operation were strongly promoted by agricultural projects from the donor community present in Macedonia over the last 15 years. Due to number of constraints e.g. the proposed structure, absence of real commitment, instability after the donors terminated the support and the associations were never recognized as a partner to the Government. Being nonprofit oriented entities, for commercial activities they had to register a standard LTD company's. To date very few associations managed to do develop some level of sustainable activities for the members and to deliver any impact, in terms of improved production or commercial activities. The management of the Associations created by individual producers was usually a one or few man show, rather than a real management structure that was working in the interest of the members. The motivation for this self initiated associations that mushroomed in the transition period was to get their hands on the available donor support, which was largely distributed without real concept and on a extremely short base. The other most common initiation of associations and cooperatives was done by the support projects/donors. Disregarding the timeframe in which an association normally needs to evolve in to a sustainable organization the projects constantly provided support for registering new associations, which were serving mostly to justify their activities and indicators related to them. As for the first group of association the management was generally unpaid, and the members that would actually be real agricultural producers did not understand their role or did not have time to contribute in the activities of the associations. The second groups of associations usually were paying somebody to be an executive person in to the association and provide guidance and management, or were paying wages to the members in the management board. As a result the members in the associations were more involved in internal struggles to obtain a position that they will receive a salary rather than really developing the association. Once the support available from projects was diminishing the associations

would stop all activities and often some of the management board members would form or move in to a new association.

The Farmer Cooperatives as a model are a remnant from Socialism intended for grouping of people and production means. Through Cooperatives the farmers are formalized into a legal entity, which exists solely for accumulation of joint and individual profit. The operational model of cooperatives resembles to those of the shareholder companies. The efforts to reintroduce the Cooperatives as an appropriate model, was also largely promoted by projects. However, to date no significant success has been noted by newly established cooperatives. The Cooperative model was actually the nearest form in which agricultural producers were able to join and really have benefit from joined acquisition, production and sales activities. However the producers did not take the legal framework for the cooperatives seriously. The main reason would be the significantly higher costs for establishing and maintaining the cooperative as well as the higher and levels of responsibility of the individuals and the assets they needed to invest in the cooperatives. Finally the producers did not understand the benefits they would gain from the cooperatives, as they were not clearly communicated to them, and they did not believe sufficiently in the management of the cooperatives (which was mostly designated by the donors) in order to risk their own recourses by putting them under the control of the cooperative management. Additional flaws in the cooperative legislation connected to tax issues and requirements for costly financial revisions of the annual work of the cooperative contributed towards focusing on development of associations rather than cooperatives, both by producers and by donors.

The new Law on Agriculture and rural development for the first time is promoting the model of producer groups, in accordance to the European Legislations. This model is diverged from the previously described farmer organizations, as it is dedicated to joining of farmers for marketing of products.

Buyers

From a different perspective the market possibilities for the products were equally confusing to the producers. Different stakeholders participated in the market for the agricultural products. The lack of regulation in this aspect contributed to developing different models and players in the marketing of agricultural products which in a large portion contributed towards creating instability on the production side.

The players which were actively involved in the marketing of agricultural products can be divided in to:

Buyout consolidators

They are largely independent and work for the few traders or processors at the same time. Some consolidators on the other hand, act even as an extension of a single processor or trader. Larger traders and processors, work with up to 20 such consolidators in few regions. Consolidators are located in almost every village, or at least one per few villages, mainly determined by the quantity of products available. Consolidators tend to work with few predominant crops, although they are dealing with any the crop that is sold in

this manner. Their main function is to organize and perform buyout of products, on behalf of other buyers. All do officially not existing the quality criteria for the different crops were always provided by the end buyer. Consolidators have quite limited capital available (max. 100 000 Euro), usually used for stating of the season and largely depend on funds and packing provided by the end buyer. As these are usually residents of the same village, farmers have more confidence for delivering their produce, compared to spot traders and processors. The logic is that at least during the transitions the farmers will have at least somebody to turn to, when payments are late.

Buyout traders

Buyout traders are by definition small legal entities. Most of them spawned from the uncertainties of the transition and supplied the lacking services for marketing of agricultural crops. Buyout traders have relatively sustainable links with foreign buyers such as wholesalers, processing companies and large retailers. Buyout traders are permanently located in the most productive villages and have significantly invested in storing facilities, weighing and packing equipment. They largely work on basis of confidence and trust, both with their suppliers and clients.

Buyout traders are currently an important building block of the current setup in the country, especially as the organizations of farmers generally failed to take over their responsibilities. Many of the buyout traders also take on the role of consolidators, developing cooperation with mostly more professional producers especially in the region in which they are positioned.

Spot Traders

There are very few real spot traders in Macedonia and most of them visit the country during the harvest season. Spot traders usually do not have own buyout facilities and depend on Buyout traders and Consolidators for this service. Spot traders are rarely involved in regular agricultural trade. Usually they are connected to large retail and processing outlets abroad and buy just what they need in the moment. The interventions of the spot traders usually impact the buyout prices of the targeted crop. However once they are momentum passes the price usually plummets. In cases when the local stocks are depleted, the price remains high until next production. Spot trading is a negative occurrence in the agricultural sector, although it contributes to the sustainability of the producers. The farmers are adjusting their production to spot trading on small plots, by producing few crops on that are usually targeted for exports. This provides for farmers to have likely at least one crop sold at high prices. However it means that they will not be able to consolidate their production and establish appropriate marketing links. Overall the sustainability for possibilities for a planned agricultural sector, are diminished and an unpredictable regional markets dictate the production. Products successfully sold through spot trading, are consequently overproduced the following year and under produced the third year. This is a vicious circle that generates anxiety of the producers that finally aimed towards the Government.

Processing industry

The processing companies range from large facilities inherited from the previous system, to brand new facilities and refurbished factories, animal farms and houses. The former networks for supply of raw materials crumbled and the processing industry remained without an appropriate supplier network. As result of the lack of funds and demand for raw material, the trader community (usually dealing with fresh produce), came to the rescue, by providing crediting the industry.

4.2 The developement of producers organisations

The following section explains the proces and procedures for developement of the producer organisations as defined in the Macedonian Law on agriculture and rural developement. Producer organizations can be established by producers of vegetables and fruits on its own initiative. The principles of free will, economic motivation and readiness for consistent implementation of commitments and pursue self-control are esential elements.

Strategy

MAFWE needs to prepare and adopt a National Strategy for sustainability of operational programs. The complete structure and content of the Strategy should be in accordance with the guidelines set forth in Annex VII of Commission Regulation No. 1580/2007.

The national strategy should include all adopted decisions and regulations in applying the provisions of operational funds and operational programs and provisions for expanding the rules for producers.

MAFWE should also provide monitoring and evaluation of national strategy and its implementation with the operational programs.

Operating funds

Producer organizations can form operational funds. The funds are financed by the financial contributions of the members and the national financial assistance that is awarded to the organization of producers. The financial income in the operating fund is determined by the producer's organization.

Operating funds are used to fund only operating programs, approved by the competent authorities. All members are eligible to receive funds from the operating fund and all members have the opportunity to participate democratically in making decisions related to the utilization of funds and financial contributions to operating funds.

Operational programs

The operational programs are submitted by the producer's organization for approval to MAFWE. The producer organizations inform MAFWE about the estimated amount of operating funds each year, supported by arguments that the prognosis is based on, the operating program expenditures in the current year and, if possible, expenditures for previous years and, if necessary and the expected yield for next year.

The operational programs and their proposed financing should be with a minimum of three years and maximum duration of five years.

Content of the operating program

Operational Program for the organization of producers should include as minimum:

Description of the initial condition during the formation of the producer's organization, based on basic indicators given in article 130 of the law;

Objectives of the program that should have in mind prospects for production and market, and explanation of what is the contribution of the program and how it interacts with national strategy;

Detailed description of the measures including measures to be taken for prevention and crisis management as means to achieve the goals in each year of program implementation. The description should indicate the duration of the program and financial aspects, in particular: the method of calculation and level of financial contributions, the procedure for financing of operational funds, information necessary to support the various levels of contributions and budget and timetable for taking action for each year of implementation.

Objectives of the operational programs

The operating programs of the organizations of producers and raise two or more of the following purposes:

- Planning of production;
- Improving the quality of products;
- Increasing the commercial value of products;
- Promotion of products, whether fresh or processed form;
- Measures for environmental protection and production methods that preserve the environment, including organic agricultural production;
- Prevention and crisis management. Prevention and crisis management is associated with avoiding and dealing with crises in the markets in fruit and vegetables.

The operating programs of the organizations of producers also must fulfill the following conditions:

- operational programs include two or more activities for environmental protection;
- at least 10% of operating costs per program covering activities for environmental protection.

Objectives of the producer organisations

Producer organizations are established in order to accomplish the following objectives:

- to ensure the planning of production and its harmonization with market needs, especially in terms of demand and quality;
- to improve the concentration of supply and total sales of products from members of the organization;
- optimizing production costs and stabilizing production prices;

- improvement in the production operations, and use of modern techniques and technology, nature and water protection, and maintaining biological diversity;
- facilitate and simplify the processes for approach to financial means;
- provide self-control and management in the organization and production of specific types of production procedures and agrotechnical practices prescribed by special regulations (eg.: integrated production, organic production).

Conditions for recognising the producers organisations

To be officially registered as a cooperative and to be established for a particular product or group of products of fruits or vegetables.

Organization of producers should have adequate staff, infrastructure and equipment for a reaching its objectives and in particular:

- Information about its member's production;
- Conditions for sorting, storing and packaging of products of its members;
- commercial and budgetary management and
- centralized accounting and invoicing system.

To own a operating fund and has developed and approved or submitted for approval a five-year recognition plan.

Content of plans for recognition should include at least: Description of the original, initial condition, especially regarding the number of members of producers with information on members, production including data on market value, marketing and infrastructure, including infrastructure which is owned by individual members in the producer group (if used by the group of producers), proposed date for commencement of implementation of the plan and length of the period of implementation of the plan, which should not be longer than five years and activities to be undertaken.

Membership

Organization of producers of vegetables and fruits should be with a minimum of five members. The minimum period of duration of membership in the organization of production of producers should not be less than one year.

The minimum value of the anual production to be 6 milion denars.

The calculation of the value of market production is based on value of production sold by the organization, including the value of production of members leaving or joining the organization of producers, the value of products withdrawn from the market in certain conditions, calculated according to the average price of those products sold by the organization of producers last year and the value of secondary products.

To prove the number of members of the organization of producers and volume or value of market production, must be keep records.

The process of recognition

After performing the checks, MAFWE, if handled properly, accepts the plan and granted preliminary recognition, requires changes in the plan or reject the plan.

MAFWE as prescribed in the national legislation MAFWE will recognize as producers organizations in the sector of fruit and vegetables legal entities if the following conditions are met:

The activities are aimed at using environmental friendly practices of cultivation and production, waste management, protection of water quality, soil and environment preservation and promotion of biodiversity. The producer organization must have a minimum number of members five and cover minimum volume from market value of production that is determined at six million denars. In addition the producer organization needs to provide appropriate evidence that they have the capacity to conduct proper activities, both in terms of time and in relation to effectiveness and concentration of supply. The producer organization must demonstrate a capacity to effectively allow its members to acquire technical assistance, to effectively provide its members with technical means for collecting, storing, packaging and marketing of their products and to ensure proper accounting and commercial management of the overall functioning of the origination.

Producer organizations may require changes to the operating programs.

When from legally justified reasons the producer organization submits a request for changes, MAFWE may issue a decision on changes to the operating programs.

Financial support for the producer's organizations

The producer organizations are eligible for financial support for development and implementation of recognition plans including the investment necessary to obtain recognition.

The available financial assistance equals the amount of financial contributions by the members in the operational fund or contributions by the producer's organization and is limited to 50% actual costs. The financial support is limited to 4.1% of the value of market production.

5 Conclusions

This assessment aims to provide information on potentials for development of producer organizations in Macedonia having in mind the conditions and procedures for formation and registration of producer organizations as newer forms of association of agricultural producers, who have particular importance for regulation of agricultural market products. Based on the gathered informations the following conclusions are made as a base for developing the recommendations for support in developing producer organisations in Maceonia.

5.1 Summary of the producer organisations

According to the data in the European Union, nearly 34% of the total yield of

fruits and vegetables in the sector are produced by producers' organizations, with rates varying considerably in different countries. In Poland for example, this segment is about 10%, and in Ireland and the Netherlands - more than 80%. More than 70% of these organizations have operational programs, which are funded in relation 50/50 from the budget of the European Union and the budget of the organizations themselves.

Producers' organizations can be created to produce one or several products - fruits and/or vegetables. This means that the producers of fruit and vegetables can now unite and seek recognition, even for one type of fruit or vegetables. The producers who are members of a recognized organization may offer a part of their production independently on the market. They can sell on their own not more than a certain percentage of their production and / or products directly on their farms and / or outside them to consumers for their needs, such rates being determined to not less than 10% and not more than 50%.

An organization to be recognized as an organization of producers of fruit and vegetables must have a number of members not less than 5, with the period of membership being at least 1 year. The annual production has to have a volume of not less than 6.000.000 MKD; the statutes and rules for its work must ensure the possibility that the members of producers' organizations exercise democratic control over its activities, and provide financial contributions of the members in the operational fund. The Minister of Agriculture performs the recognition of organizations of fruit and vegetable producers.

The activities of the organizations of fruit and vegetable producers should be aimed at first place at collecting the products produced by the members and placing these products on the market, at developing of rules for production and improving the production process, at providing technical support for its members in sorting, packing and storage of their products.

The Producers' organizations must be cooperatives under the Cooperative law. The Producers' organizations are responsible for implementation of an operational program and fund that are common for all. The Organizations of fruit and vegetable producers are subject to verification before and after their recognition regarding the criteria for recognition by the Ministry of Agriculture.

Once a year, data are collected regarding the information on the recognized organizations of fruit and vegetable producers, on their turnover, number of members, production, inspections performed, and inspection results, etc.

Producers' organizations that do not meet the criteria for recognition may request a temporary recognition as „producers' groups“. To be recognized as a producer group, the organization must offer on the market fruit and/or vegetables amounting to not less than 3.500.000 denars and have at least 5 members.

The use of funds from the EU is carried out on the basis of an operational program developed by the organization, the activities under which can be aiming at improving product quality for the purpose of increasing their commercial value, or at building production lines for organic products, or at crisis management (reducing the quantity of production and withdrawal, etc.), at developing environmentally friendly agricultural technologies, at presenting the products to the consumers and increasing the sales. The operational programs are investment programs that organizations develop and submit for approval to the Payment Agency, which makes the payments.

5.2 BENEFITS OF ASSOCIATION IN PRODUCERS ORGANISATIONS

Producer organizations as key actors in agricultural development are a major part of institutional reconstruction, one that uses collective action to strengthen the position of smallholders in the markets for farm inputs and outputs. By reducing transaction costs, strengthening bargaining power and giving smallholders a voice in the policy process, producer organizations are a fundamental building block for the development of the agriculture.

The producers' organizations are the only structures in the fruit and vegetable sector, which may receive financial support from the EU. The benefits from the operation of the producers' organizations can be divided into three groups: (1) benefits for the members of the producer organizations; (2) benefits to the fruit and vegetable market; (3) benefits for the consumers of the products. The first group concerns: the opportunity for the members of the producer organizations to produce and offer sufficient quantities of products, thus achieving a better market price, reducing production costs, improving the technical and technological equipment of production by the means of the special financial stimuli that the EU grants for the free associations of the producers; improving the quality and the competitiveness of the production of the producers; the members' opportunity to plan their production due to the secured market, creating conditions for implementation of environmentally friendly production methods. Accordingly, the benefits for the fruit and vegetable market are: concentration of fruit and vegetable supply; permanence of supply, quality control of the products offered. The benefits for the consumers of fruits and vegetables are the following: lower prices because the intermediaries are avoided, better product quality, supply of ecologically clean production due to the conditions which producer organizations create.

However, one has to take into mind that cooperatives and other producer-owned organizations have additional non-economic advantages as well, for example they can contribute to rural development and secure jobs (by multifunctional agriculture, rural tourism, employment by the co-operative etc.) which are very important tasks especially in less favored areas. They help to save the environment also with offering traceability partly due to the long and close social relationship. They contribute to social benefit (ethics, values etc.) as well as they are socially responsible by nature.

5.3 Challenges

Producer organizations are member-based organizations, i.e. they are owned and controlled by their members. Ideally, member ownership is defined both in economic terms (members are shareholders) and in psychological terms (members feel ownership of the organization). Members holding the decision rights on both the activities and investments of the producer organizations

define member control. Both ownership and control are collective in nature. Being a member-based organization also presents a number of challenges. For a producer organizations that wants to strengthen its coordination role in the value chain, for example, it has to solve problems related to the heterogeneous membership, the trade-off between equity and efficiency, the need to improve managerial capacity and the balance between obtaining outside support and maintaining member control.

Modern producer organizations are voluntary organizations. A producer may decide to become a member on the basis of a common interest with other producers. This common interest leads to a homogeneous membership, which can facilitate joint decision-making. However, when the functions of the producer organizations become more specialized on strengthening market access and coordination with processors and retailers, the interests of members in these new activities may diverge.

New market opportunities may strain the relationship between large and small (or traditional and modern) members. Large farmers often are indispensable because they are the primary users of the producer organizations and thus create the volume in services that allows the organization to be economically viable. In addition, large farmers have the capacity and capability to play leadership roles within the organization. When the interests of small and large farmers start to diverge, perhaps because large farmers see business opportunities that are not available to the smaller members, this heterogeneity can lead to cumbersome and inefficient decision-making processes. For the leadership, the challenge is to find and defend common compliance with agreements and obligations. Producer organizations entering into agreements with foreign customers have contractual and moral obligations to deliver the agreed quality and quantity. If members fail to comply with these obligations, the reputation of the organization is at stake. Thus, more emphasis of the producer organizations on its role in the value chain will most likely result in the relationship between members and the producer organizations becoming more contractual, with stricter rules regarding performance, the allocation of costs and benefits and enforcement of agreements.

5.4 Legislation and legal grounds

Republic of Macedonia as a country with mostly small agricultural holdings and underdeveloped association with the commitment for full EU membership, has the obligation and a special needs and interests to follow and implement the Common Agricultural Policy. As to the fragmented and small agricultural holdings possession and the low competitiveness of agricultural producers, Macedonia is facing a serious challenge and an urgent need to support the development of organizations of agricultural producers, if it is to avoid or mitigate effects of the stronger competition from the large agricultural holdings in the EU.

The Law on cooperatives, Official Gazette no. 54 July 15 2002 provided the conditions, manner and procedure for incorporation, registration, operation, supervision over the work and termination of operations of cooperatives.

While it is a general law on cooperatives, it provides an opportunity for the formation and work of agricultural cooperatives.

Law on Agriculture and Rural Development, though it regulates planning the development of agriculture and rural development provides the base of development of producer organisations.

With this the legal grounds for development of producer organisations are established in Macedonia. Yet the legislation is not complete as several bylaws are missing. The missing bylaws are a minor part of the legislation but until adopted they present an obstacle for commencing the procedures for development of producer organisations. With the adoption of bylaws under this law will finalise the legal framework for regulating the market of certain products or groups of products, the conditions and procedure for the formation and registration - the recognition of producer organizations and the types of financial aid organizations producers can obtain.

Once the legislation is adopted, the financial support should be preferably channeled through applicants who are organized as producer organizations /groups that contribute to the market chain.

The data presented in the Macedonian legislation and strategy, show that there are clear provisions for the establishment and financial support initiatives for the formation and registration of producer organizations.

By informing the interviewed group of stakeholders about the possibilities of development of producer groups the assessment was an occasion to open debate about possible directions in the development of agricultural producers association and the measures that can encourage the development. It also includes the need for intensifying the activities for adopting the complete legal framework on producer organizations as a necessary condition for the promotion and implementation of intensive processes for development of association of agricultural producers.

5.5 ROLE OF THE AUTHORITIES

The role of government is to put in place consistent agricultural policies that encourage increased production, as well as legal institutions that ensure equity and transparency in providing land titles and access to water for farmers.

All respondents support the taking of active role by the Ministry of Agriculture in regards to development of producer organisations and contract farming. Producers especially look more positively to this development, as they usually feel abandoned and unable to find their way through the judicial system.

The average agricultural producer in Macedonia lacks the capacities and resources, in a near future to understand the provisions and the opportunities arising from the new law and the forming of the Producer Organizations. As to this MAFWE is in front of a significant challenge to disseminate the information's and channelize the efforts in forming the Producer Organizations. The process of developing a functional Producer

Organizations is not an easy task for the average agricultural producers. The producers first need to form cooperatives, which will need to fulfill criteria described in the law on agriculture in order to be eligible to apply for a producer organizations status. After fulfilling the criteria connected to membership, organization and annual turnover the cooperative applying for Producer Organizations status needs to develop a recognition plan and submit it to MAFWE. The recognition plan prescribes among other, how the received support will be used. As there are strict rules on items that the received support can be spent on (mostly connected to marketing the products via improving and promoting the quality and safety of the products) the creation of a sound recognition plan will be a significant challenge for the cooperatives.

In areas with limited market infrastructure, the argument for lack of economic transformation of agriculture towards more commercialized production is strongly embedded in the lack of incentives for private sector investment and the need for proper institutions to fill the vacuum left by the withdrawal of the state. Nonetheless, liberalization has opened a window of opportunity for smallholder producers hitherto growing diverse products and supplying small surpluses to markets. The removal of trade barriers and increased competition has opened some flexibility for farmers to choose buyers for their products and suppliers of key inputs. But high transaction costs and problems of asymmetric information continue to bedevil smallholder farmers, especially those with poor access to markets for products, inputs and services. To avoid all the above problems, and in order the smallholder farmers to succeed, they have to join in Producers' organizations.

5.6 Contract production

As one of the basic aims of the producers organisations is to successfully market their products, a special attention will be placed on the quality and quantity of contracting practices in Macedonia. As an important step in the functionality of the producers organisations the situation with the contracting of the agricultural production provides a general base for understanding the recommendations from this assessment.

Contract farming in Macedonia is usually a system where a private sector firm provides farmers with inputs – such as credit, fertilizer and seed – in exchange for exclusive purchasing rights for the resulting crop. Contract farming enables smallholder farmers to participate in new high-value product markets and improves quality standards, thus increasing and stabilizing farmers' incomes. Because most farms in Macedonia are smaller than two hectares, integrating smallholder farmers into global value chains is an important step towards reducing poverty. But, there are also risks associated with contract farming, which can be reduced if a greater focus is put on strengthening market-oriented producer organizations and creating mechanisms for resolving disputes between farmers and firms.

There are good reasons for expanding contract farming. Following the collapse of international commodity agreements and the liberalization of

national markets, agricultural value chains have become increasingly buyer-driven and vertically integrated. In such an environment, contract farming offers the best of both small- and large-farm production systems. Smallholder farmers are often the most efficient producers and they have advantages over large farms in terms of reduced labor-related costs. However, smallholders often suffer from capital constraints, and they lack capacity to adopt technological innovations. Contract farming can overcome these difficulties, and can deliver benefits typically associated with large-farm production systems, including increased output with reduced input costs. Moreover, firms have a comparative advantage in market and technical knowledge, as well as in product traceability and quality.

From a poverty-reduction perspective, small farms are generally owned and operated by the poor, often use locally hired labor and usually spend their incomes on local products and services. And contract farming offers clear opportunities for smallholders. It gives them access to a reliable market, it provides guaranteed and fixed pricing structures, and most important, it provides access to credit, inputs and production services. In broader terms, it can stimulate the transfer of technology and skills, and can help farmers comply with vital sanitary and phyto-sanitary standards.

There are also clear benefits for firms. Contract farming helps improve supply quantity and quality, and transfers any production risks onto farmers. In this respect, contract farming can increase profits from, and improve governance of, the value chain.

Contract farming in Macedonia

Contract farming is at a low level of development in Macedonia. The regular contracting practices with precise contracts defining prices, quantities, quality, delivery terms which are signed by both parties are generally missing. The verbal contracts account for 68% of all purchases and prevail in the production and trade between legal entities and physical persons. As verbal contracts are in most occasions expressions of little more than a will for cooperation, farmers are well known to engage in such arrangements with more than one buyer. Preference is usually given on basis of prices and logistic issues. Both parties understand the rules of the contract, the classes of products, the model for determination of prices and the delivery schedule. The verbal contracts are mostly relying on daily demand and prices.

Usually verbal contracts are considered as a loose contractual obligation, especially when there are more variables that affect the contract. In these instances, due to variability of prices and terms of the trade, the buyers are reluctant to commit to anything more than a verbal concurrence. Approximately 60% of the verbal contracts include indications of quantities and 15% include indication of prices. In general producers know the capacity of the buyers, their history of performance and are able to assess the risks when engaging in such contractual arrangements.

The complete lack of contractual arrangements in general can be located at.

- Lack of contracts due to the specifics including:

- Positioning in the market. When certain buyers and the relative monopoly position, enables such conditions;
- Specific trade of certain fresh products in places where one crop is vastly predominant;
- Market uncertainties where uncertainties in terms of irregular demand, variable cost, specific quality and changing buyers are dominating.
- Lack of contracts due to inertia is a category of cooperation prevailing in regions where production is traditionally uniform, for the traditional buyer, to be sold at traditionally known conditions (industrial tomato, sugar beet, and somewhat wine grapes).

Producers well know that a particular buyer has been buying a certain crop for years, at a certain price which doesn't change significantly. Especially applicable for uniform products, where no quality standards are applicable.

This form of cooperation is also a trademark for other crops sold in remote locations, with lack of access to markets.

Quality of the agricultural products is always a broad and difficult subject, especially when certain products have more than one intended use. The producers perspective in terms of quality is not realistic as they tend to overestimate their products having only limited knowledge of quality systems. On the other hand the buyers are always trying to underpay the products, making the quality issues irrelevant. Therefore, the quality parameters to be included in a contract and the evaluation of the quality remain as the most important divide between producers and buyers. Generally quality at this point is seen as possibility for one party to disagree with the practice and retreat from the contract if any.

Unlike countries with developed agriculture, Macedonia lacks appropriate standards defining the quality of agricultural produce. Certain unofficial norms exist, but are open for debate depending on the intended use of the specific crop.

Individual branch of organizations/ commodity clusters have established standards for quality. These standards are adopted unilaterally and are not applicable or acceptable to all stakeholders due to the different processing technology and needs.

Almost all buyers are dissatisfied with the adherence of the producers to the agreed quality, masking of low quality products in the packing and pre-selection of the best product prior the delivery. On the other hand the producers are not satisfied with the quality assessment by the buyers as they see this as intentional looking for problems in order to reduce the price. It seems that both sides are right and wrong at the same time, as both sides admit malpractice depending on the demand and prices in the given moment.

Quality is significantly dependent on the production season, including weather and appearance of diseases and pests, as reduced quality is not a matter of choice for the farmers but a result.

It is important to note that main problem is not the always the lack of criteria or standards, but the failure to adhere to the contracted quality.

In Macedonia beside the lack of quality standards, there is a lack of arbitrage options in case of disagreement. No competent institution or service is responsible or even asked for arbitration, in case of dispute over quality of products. Only one case was identified, where the producer organization was mediating between the individual members and buyers. Appropriate quality standards need to be developed either by the government or commodity clusters, through trilateral participation in the process (producers, buyers and institutions).

In view of the considerable risks faced by farms and firms, it is essential that state and non-state agencies offer accessible, transparent and legally binding mechanisms for resolving disputes between firms and producer organizations. Specific measures can include an independent audit of the all-important weighbridge, and an agreement that payments will always be paid on time. Producer organisations may prove to be an important stakeholder in developing a sound contracting practice in the agricultural production. Positive results can be achieved only if the producers organisations have sufficient human resources which will be able to debate the development and implementation of quality issues with the authorities and buyers. As it is a practice till now when ever the authorities or the buyers need to show public participation they invite representatives of associations or federations for discussion. In most cases this organisations are either donor driven or represent a group which has own or political agenda and does not really represent the producers. Mostly the organisations present in the dialogue with the authorities are donor projects paid personal which debates on the behalf of the producers, but does not depend from the outcome of the debates. Involving the producer groups will ensure the participation of the real stakeholders in the dialogues with the authorities and buyers. Payment of agricultural products is the most obvious, although not the most difficult problem. Prior to discussing the always hot "late payments" and exceptionally "no payments", one needs to understand the situation in the sector and the status of the role-players.

Both of producers and buyers agree that they are not adhering to the agreed payment conditions contract for procurement of agricultural products. The majority of the buyers are chronically problematic, (depending on season) while all buyers have acasoaanly cosed late paiment to the producers.

25% of the buyers are covering part of their payments in compensation with different commodities. Prices of products in such compensation shops are between 3-10% higher than regular prices.

One of the largest complaints from the buyers is that producers don't live up to the arrangements and sell their produce to the highest bidder. The most common reason for reduced/lack of delivery is the higher price of other buyers. The most common excuse for suspending delivery of product is disagreement over the quality. Fueled by the imprecise description of quality and the lack of arbitrage for settling of disputes, there is always an excuse to reduce or stop deliveries. When sufficient quantities are available, producers are unanimous that processors/traders deliberately reduce the quantity

accepted, as they are getting it somewhere else cheaper. Peaks of harvests are also a common problem, usually triggered by climatic conditions (rain, drought, frosts, etc.). Daily buyout quantities additionally increase during the peak seasons, as the farmers are unable to sell at increased quantities at the local markets. In addition, processors and traders depend on the producers to deliver the products with a certain tempo, to which they organize and match their manufacturing process. Any increase or decrease of influx of produce disturbs this process and results in problems. On the other hand, producers want to harvest the product in the optimum time and deliver as soon as possible.

- Contract farming is not a novelty for the Macedonian producers and some of the buyers.
- Attempts for reintroduction of contract farming resulted mainly in defaulting of the buyers.
- The lack of success is associated with undermining of efforts for organization and empowering of producers, lack of capacity for management of turnover funds and apathy of the responsible authorities.
- In most cases the existing contractual arrangements are a protection mechanism for the buyers and to some extent to the producers.
- Although contracts are commitments, lack of control/support leaves both parties with possibilities to break the contract and blame each other.
- Contract farming is based on the need and will to cooperate on basis of clear principles, in the current practices both are just developing.
- Grouping of producers around buyers has provided some success, however prevents any development.
- Empowering and organizing of producers results in equalization of negotiating positions (of producers and buyers) and it is the only model, which assures progress.
- Having in mind the history and the current state of development of the producers associations and cooperatives forming sustainable producer organizations will be a significant challenge;
- Serious companies that invest in their future are working on basis of contractual arrangements.

Encouraging 91% of the identified collaboration between producer organizations and buyers are supported by contractual arrangements. Even if the contribution of producer organizations in the Macedonian total production volume is negligible a quite positive trend is noticeable in the functioning of the producer organisations.

The role of producer organizations in contract farming

The role of producer organizations in ensuring the stability and longevity of contract farming and in delivering a fair distribution of profits may be significant. The form of recent producer organizations is essential for

increasing win-win outcomes from contract farming. From a producers' perspective, producer organizations can help balance the power between firms and farms: collective bargaining, and the creation of relationships with rural credit and transport providers, can help reduce the risks farmers face. Moreover, producer organizations provide a forum where farmers can express their dissatisfaction over prices, timing, and increase the likelihood that a firm will recognize its social and environmental responsibilities.

However, producer organizations are not necessarily a guarantee of successful contract farming. Many producer organizations collapse. Moreover, if problems with contract farming arise, firms can easily switch to engaging large-scale agricultural units.

In general there are several types of producer organization according to their function – commodity-specific organizations, advocacy organizations and multipurpose organizations. But these may not be the best approaches to offering support to farmers for engaging with contracting firms. Focusing on market-oriented producer organizations that provide benefits only to members is more likely to lead to successful contract farming arrangements than community-oriented participatory producer organizations. In this respect, a producer organization needs to be very clear about the goal it is working toward: increasing and stabilizing smallholder incomes, or providing a platform for participatory governance and empowerment.

5.6 THE PRODUCER ORGANISATIONS IN MACEDONIA

With the withdrawal of the state and the end of guaranteed markets, most producers had to produce and sell their products without being able to rely on access to factors of production, financial and transport services. At the same time, globalization of trade in agricultural products forced a lot of small farmers with highly recourses limited to compete with major producers around the world that already had implemented strict standards for quality and safety of products they produce.

To be more competitive, to have an impact on the markets and to have access to EU funds, small producers need to be members of producers' organizations. This is especially true for vegetable growing in Macedonia, which in spite of some positive developments remains, small and highly fragmented. Prevailing is the proportion of the farms of natural persons (over 99%). These are extremely small farms with an average size less than 1ha, yet they are serious producers of field and garden vegetables in the country.

In many cases, farmers marketed their produce individually rather than collectively, thereby limiting their ability to receive a higher return from the market. There is a heavy dependence on traditional buyers and little effort to identify and market produce through new marketing channels resulting mainly in poor collaboration between farmers and other stakeholders in the sector.

Even the functional cooperatives admit that they have problems in convincing the members to sell the products via the producer organization.

From the existing potential for development of producer organisations only 20 cooperatives exist in Macedonia, mainly initiated by donor projects. Only five of those are functioning as real organisations while the rest are existing on paper only.

The producers' organizations in Macedonia are still few and major support is needed to create a trend of developing producer's organizations on a sound base. The volume of the marketed production of the producer organizations is negligible compared to the volume of the fruit and vegetable production marketed in the country as whole.

Via support of SNV three cooperatives were developed in the last years and additional three are planned to be developed. The fact that for such a short time several cooperatives were formed and are aiming to become producer's organizations of fruit and/or vegetable producers gives optimism that the number of the organizations of fruit and vegetable producers will increase, because the producers have understood the necessity and usefulness of joining forces. Yet some of the interviewed associations and cooperatives stated that only a handful of members really understand the concept of producer organizations while the rest of the membership understands and supports only the basic benefits of joining e.g. joined acquisitions of inputs, lobbying, negotiating for a higher price.

The limitations of the producer organizations in Macedonia are mostly connected to their frequently lack management capacity, they struggle to achieve coherence among a diverse membership, and are subject to elite capture – there is a danger of placing too many expectations on these often incipient rural institutions.

Another major difficulty being faced by producer organizations is that the supply chain has not been developed completely and many farmers still sell a significant portion of their produce through middlemen instead of focusing on passing the process through producer organizations.

A blanket characteristic of Macedonian producer organizations is the general lack of the necessary capacity, especially in terms of qualified and suitable human resources. Furthermore, little specific training has ever been carried out to refresh and update the people who are volunteering or are employed within the management structure of the producer organizations.

Both - the lack of confidence among the producers and the impossibility to meet the criteria for recognition are the main factors which will most negatively affect the process of formation of organizations of the producers of fruits and vegetables.

Producers stated that the main reason for them not participating in such organizations is their mistrust in both the loyalty and the good management decisions of the organizations. On the other hand, in Macedonia there is still a great distrust in cooperative activities and insufficient confidence about the benefits of membership in such a form for organizing their work.

In general this situation is caused because the fruit and vegetable producers in Macedonia are not sufficiently motivated to join in producers organizations, they do not understand the need for joining, or do not believe that the joining will provide positive results.

5.7 EVALUATION OF THE PROVISIONS IN THE LAW ON AGRICULTURE

As mentioned in the previous chapters, the support of the Government to develop producer organisations and the contract farming through the Law has been received with mixed feelings. The assessment, is an effort to gather and analyze experience in the field. The Law provisions and the potential impact on everyday business were discussed with all respondents and the following comments have been noted.

- Particularly well received by producers, as it is seen as a producer support tool with approach insensitive to buyers. Producers are hoping that the Law will be the end of their concerns about market uncertainties and payments.
- The Law is a step in the right direction, but a number of shortcomings prevent its practical implementation. Even producers, which are generally satisfied with the provisions, tend to agree that it is not approximated to every day practices in Macedonia.
- Buyers support the development of the law and the provisions of producer's organizations development but have mixed feeling on the impact that will be achieved.
- Both buyers and producers agree that the development of the producer organizations will be a significant challenge but disagree on the reasons;
- Buyers are doubting that the producers have the potential to realign their mentality and join in to producer organizations, which will have a unified voice;
- Producers fear that the law provisions and the described government support will not be available due to inconsistency in implementing the new provisions;
- Both groups expressed concerns about the internal capacity of the producers to form, organize and manage functional producer organizations;
- Both groups agree that support is needed in developing, maintenance and managing the producer organizations;
- Some of the buyers expressed interest in partnering with producers, thereby contributing to a secure market for the respective producer organization;
- The opinions between producers are divided in the aspect of the structure of needed expertise;
- The majority of producers would consider engaging a professional manager which will be involved in marketing their production, while others believe that they possess the internal capacity;
- Almost all producers agreed that outside support will be needed in order to successfully apply and get the producer organization status and implement quality standards;
- All producers agree that one of the biggest problems will be the forming of a operational fund as the level of confidence between themselves is not as high as it should be;

- The national strategy and the operational programs need to be well structured if a positive outcome from this provisions is to be expected;
- The Law should be introduced gradually, providing sufficient time for the sector to adjust.
- The government should seek systematic solutions using the available subsidies and should support positive examples and farmer organizations. Subsidies should be used to promote successful examples of cooperation (industry and exporters), rather than everybody.

6. RECOMMENDATIONS FOR INTERVENTION

Producer organizations in developing and transition economies often receive substantial support from external stakeholders, such as government agencies, donors and NGOs. This support in general is greatly appreciated, and in some cases even indispensable for the establishment of economic activities by the producer organizations. However, producer organizations are intended to be and should remain autonomous member-based organizations. External stakeholders supporting the producer organizations should not takeover control. Financial and technical support may be welcome, but it should not become so dominant that the producer organizations becomes dependent on it for its very existence. Even when receiving outside support, the members themselves should make decisions on strategies and policies. Too much control by external stakeholders can lead to problems, such as a weak sense of ownership among members, which leads to low member commitment, and weak accountability by the board and management. In sum, one of the main challenges for a producer organizations receiving outside support is to remain a truly controlled and managed by its members.

Support can focus on the producer organizations itself, such as building the capacities of leaders, members or managers and other types of organizational strengthening; improving the skills needed to develop and lobby for favorable legislation; and improving negotiation skills to enter into and maintain partnerships (both vertical and horizontal). This type of capacity building is a slow and uneven process that requires donors to be patient and to develop long- term support programs.

Donors can help producer organizations to set up market information systems in order to collect, assess and distribute the information producers need to improve their competitiveness. Whatever the focus of donor support, it should be based on a long-term strategy, since building a viable producer organizations that will play a major role in linking its members to markets requires a sustainable commitment.

Key elements of the support strategy should include promoting rural producer organizations and developing their entrepreneurial capacities to help them become more profitable by working to improve the economic performance of

their members. Much of the donor community has experience working with producer organizations. Although there is a large variety of producer organizations and institutional environments differ, there are commonalities in the management and organization of producer organizations and in the challenges they face. Acknowledging these commonalities opens the door to learning from the experiences of others, and for joint development of pathways for producer organizations facilitation. Particularly the rise of national and international supply chains and the need to help smallholder farmers and their producer organizations to strengthen their position in these chains provides multiple opportunities for collaboration, collective learning trajectories and joint support projects.

6.1 Proposed Support to the Ministry of Agriculture, Forestry and Water Economy

On basis of all conclusions, comments and findings stated in the assessment, it is recommended that support should be provided to MAFWE in overcoming major difficulties that producer organisations are or will be facing.

There are mixed feelings about who should deliver the support to MAFWE the producers, and in which form. Beside the financial support mentioned by MAFWE support schemes for 2011 all stakeholders agreed that donor projects should take an active role in providing expertise for producer organizations setup and management. All stakeholders see the national extension agency is as incapable to contribute to the development of producer organizations, so involving more consultancy services and professional development organizations is seen as the adequate partner to the government for the development of producer organizations.

An important priority for the agrarian policy of the country should be accelerating the creation of organizations, on first place by increasing the direct economic interest in regulating the scope of activities and services the organization of producers will provide to its members and their customers. The increase in labor productivity in all its aspects – the enhancement of qualification, the use of new techniques and technologies, the use of new high-yield fruit and vegetable sorts in the production, etc., are determinants of modern, competitive production which needs to be achieved. Of utmost importance is the development and use of the country's best opportunities for increasing the value, quality and profitability of the production e.g. organic agriculture, traditional products, and geographical origin. Increasing the value and profitability of production and hence the creation of consistent investor interest in production and marketing of fruits and vegetables is another priority sector. Supporting those most important areas for development, much more specific actions can be determined, but they will all be linked to the achievement of the basic priorities - the creation of organizations of fruit and vegetable producers in order to restore the effective production and marketing of fruits and vegetables in quality and quantity that should correspond to the country's potential and the market requirements.

Contract farming

Contract farming is usually associated with producers and buyers, however, the recommendations for intervention are twofold and include both MAFWE, as a regulating body, and the industry (buyers and producers) as concerned parties.

Regarding the present subsidy support, the stakeholders have shared opinions. Yet they all agree that revision of the model of subsidizing is needed. The main comments are concerning:

- the segregation and discrimination of producers per size of production. This practice is counterproductive and leads to further fragmenting of the production. The activity should explore alternate possibilities for calculating subsidy rates, for concessioners of state owned agricultural land,
- subsidizing of the industry through subsidizing producers. The proposed model allows misuse and it doesn't provide sufficient motivation for producers,
- neglecting the exporters of produce for fresh consumption. The size, value and number of crops included in the exports of fresh products, substantially surpass the indicators of the processing industry and should not be excluded from the support,
- allowing support only to entities that adhere to the signed contractual arrangements as a precondition for introduction of contractual arrangements on a large scale,
- Establishment of appropriate setup for provision of legal support, in particular to producers. Such services will support both the establishment of contractual arrangements and the resolution of disputes, arising from the increased number of contracts,
- establishment of appropriate arbitrage services (Inspection, Agencies and other role-players), as a way of supporting a mediation process.

Development of producer organizations

All stakeholders agree that provision of technical support for revisions of the articles in the Law on Agriculture regarding producer organizations is needed, as feelings prevail that the EU legislation is predominantly copied instead of adapted to the local conditions. Some of the stakeholders support the idea of providing technical support to MAFWE in order to introduce flexible conditions for recognizing producer organizations in the first five years, which can be argued to the EU as a necessity.

Articles providing for regulation of the prices (determining percentages of flexibility in contracted prices) are seen as a friction with the open market economy and principles of demand and offer.

Support to the MAFWE for revision of the policies articles that provide deadlines for posting of prices and support for establishment of a system for determination and posting of daily prices and introduction of articles for penalties, as the lack of appropriate penalty provisions will hinder implementation regarding the contract farming.

Although the minimum criteria for recognizing the producer organizations set

by MAFWE are mostly considered as reasonable, these criteria are probably still high for most of the formal and informal groupings of farmers in Macedonia. The complicated procedure and the setup needed to be established before the recognition of the producer organization are also seen as a significant impediment.

Finally support to MAFWE is needed in speeding up the process and adopting the missing legal documents in order to finalize the Producer organizations legislation, which will enable the recognition of existing cooperatives to become a reality instead of a theory.

6.2 Proposed Support to the cooperatives and producer organisations

Internal capacity building and strengthening the organisations

Pre-reform collective ownership of the cooperatives did not induce incentives to high labor productivity and new technologies, which reflected in unsatisfied financial results and impossibility for reproduction. The new co-operatives differ from the former ones as now they perform under the totally free market, the managers are voluntary elected and the private property in land and assets is recognized - owners take rents and dividends.

At first sight, new producer's cooperatives have a similar management to the former labor co-operatives. Both have the same managerial bodies, namely – General Assembly, Managerial Board and President. New producer's co-operatives, however, perform in a totally different macro-economic environment. The State has not any governing and even coordinating functions on the cooperatives so they are fully responsible for their activities. Suitable guidance for practicing participatory engagement of all members as well as educating the officials in the cooperative bodies should be provided in order to buildup the internal capacity for sound decision making on democracy principals.

It seems to be vital in the case of emerging producers' organizations to be educated and stimulated in order continually work on establishment and improvement of real economic necessity, willingness to co-operate – demolition of mental/psychological barriers, screening of potential members, consistent adherence of delivery obligations, trust between members and management.

The crucial issue for the future of agricultural co-operatives is the loyalty of farmers to their organization and the leaders of the co-operative, especially under uncertainties dominating in the transition agriculture like in Macedonian fruit and vegetable sector. It seems to be empirical evidence that trust is an essential mechanism to increase the loyalty of member's organizations.

Producer organizations can be effective for farmers who are willing to change their practices, but not for those who wish to maintain the status quo in the context of traditional production systems and mindsets.

The need of stronger competitive positions of farmers must led to establishment of producer organizations, which is a way of overcoming the barrier to the agricultural produce marketing.

Support to build the capacity of farmers and their organizations by training, coaching and guiding farmers through the process of attitudinal change that is required to make a system of rules and incentives for the internal allocation of costs and benefits, both among the members, and between the farmers as a group and the organization itself, is key to success. With effective and sustainable producer organizations, these rules transmit undistorted market signals to individual members, to which the members are able to respond. However, if the rules are designed to 'shield' members from market signals, then the Producer organizations will fail. Furthermore, the systems of rules must minimize the transaction costs of negotiating, monitoring and enforcing agreements between the collective and individual farmers.

The producer organization should be involved in developing supply chains that connect farmers with consumers. Such value chains demonstrate the interrelatedness of the production, transportation, processing and marketing of farm products. Improving the coordination of activities of different actors (such as firms) in the chain can reduce transaction costs, help guarantee product quality and safety, and enhance the design of marketing strategies. Producer organizations are considered as an instrument in increasing the value generated throughout the chain, such as by ensuring that the quality of products is in line with the standards demanded.

Major changes are taking place in the markets for agricultural products. The liberalization of markets in many developing countries, has led to increased competition. The rise of international specialty value chains, such as those for organic and fair-trade products, has provided a positive momentum for the formation of new Producer organizations. Fair trade arrangements result in a premium price only for farmers who are organized. The growth of supermarkets as major outlets for food products has led to the restructuring of supply chains, because supermarkets tend to work with preferred suppliers that can offer them products of high volume and consistent quality. As individual producers are hardly ever large enough to supply all the stores in a supermarket chain, there is a need for organizations to collect, sort, grade and perform quality control of products from different producers. Suitable trainings and capacity building on sorting, packing and quality control of products that the producers deliver should be implemented in order for the producer organizations to be recognized as serious partners by buyers.

Producer organizations capacity should also be build in a direction that they provide a broad range of services for members and other farmers, including technical and financial assistance, marketing, accounting and legal services, as well as farm equipment, storage and processing facilities. As this capacity is not available regionally in the initial period it should be outsourced till the internal capacity is developed.

Managerial capacity

Producer organizations need to have the management and organizational capacity to play an intermediary role between producers and their customers. Whether the members themselves carry out management tasks or whether they hire outside professionals, managerial ability needs to be strengthened. Producer organizations participating in high-value supply chains need to have expertise in marketing, in the technical aspects of production, in input

procurement and distribution, in meeting phytosanitary and food safety standards, and in financial management. When outside professionals are brought in to manage the organization, the governance relationship between the management and the board of directors requires extra attention. The members of the board will only be able to direct and control the management if they themselves have sufficient knowledge of marketing strategies and customer requirements.

Provision of training on existing good practices and examples, where bad practices and policies led to the collapse of the producer organizations and/or the agricultural sector usually provide good base for building the internal capacities of the organizations.

Market and quality requirements

Support is needed to producer organizations in provision of technical assistance in order to help them comply with quality standards and certification requirements.

In order to remedy the structural deficiencies affecting the supply and marketing of agricultural products, the producer organizations have to be supported to modulate market forces and to meet quality standards. To achieve this, support needs to address issues of training, planning and optimization of product output, improve the quality of primary produce and access and implement technical support for marketing and production activities.

Enhanced product quality is key for getting market access in modern outlets. Producer organizations can help their members achieve this in various ways. They can provide information to farmers about customers' quality requirements this includes implementing some of the many options for international certification schemes. Producer organizations must implement quality control systems. Producer organizations can also go beyond facilitating the production and marketing process and take on the processing and marketing functions themselves. They can organize and facilitate innovation processes targeted at reaching higher product quality by, for instance, providing technical assistance to improve on-farm production methods.

A good example of a collaborative effort to mitigate the risks to small farmers is GlobalGAP, a certification scheme that promotes good agricultural practices (GAP). Global GAP was initiated by 30 European supermarket chains in an effort to meet increasing consumer demands for environmentally friendly and safe food that is produced in a healthy working environment. The trend major outlets to accept only Global GAP-certified agricultural products poses a tremendous threat for individual smallholder producers who true intermediaries are supplying fresh fruits and vegetables to the supermarket in the region for many years. As always changing the mindset and introducing certification is something new to producers and they usually believe that they would not meet the European market standards so no effort is spent in this direction. However experiences show that Producer Organizations can play a vital role in implementing not only good agricultural practices but also other quality and food safety standards (Organic, Fair Trade etc.), which are more and more becoming a "must" not only in western markets but also in the traditional regional markets. Farmers in addition face a wide range of risks,

including depleted soil, irregular rainfall, unexpected drought, rising input prices, decreasing output prices, diseases and sudden changes in demand etc. Many of these issues could be dealt with very effectively if farmers could get organized and if external stakeholders could provide a helping hand.

Reaching out to individual small farmers to help them meet the certification standards is almost impossible. Therefore farmers need to get organized in order to share knowledge and information. For efficiency reasons producer organizations can go even further and organize joint transport for their inputs and for delivering their produce to urban markets.

Second, governments and other actors in the value chain have an important role to play in confidence building and establishing an enabling environment for farmers to understand that economic improvement requires coordination and collaboration. Unfortunately governments often don't live up to this responsibility, and rural areas are mostly forgotten in governments' strategies, this is where the donor community may play a vital role especially in raising the awareness for the need of implementing standards and the actual implementations. At the moment in Macedonia support is available for certification of implemented standard, but the producers are unable or unwilling to invest in implementing the standards, as they believe that this is almost impossible for them. Providing this support via producer organizations is the most viable way to support the implementation of standards. Certain indicators can be set for eligibility of producer organizations for implementation and certification of standards, so the limited available support will not be spent on organizations that will not pass the initiation phase.

According to producers, the main obstacles to the development of their activities are the limited opportunities to access credit financial resources, the unfavorable prices of the agricultural products, and other factors. Provision of training in management of finances, securing sustainability of turnover capital is a curtail starting point for the newly formed organizations that have started to grow and are moving in the direction of expanding their size and activities. Establishing affordable mechanisms for securing market, scientific and technical information and other consultations and services to the producer organizations will greatly speed up the development of the producer organizations.

PROPOSED SUPPORT TO THE COOPERATIVES AND PRODUCER ORGANISATIONS

Internal capacity building and strengthening of the producer organisations	Support to the Ministry of Agriculture, Forestry and Water Economy
Improving the skills of farmers and their organizations needed to lobby for favorable legislation	Support to MAFWE in confidence building and establishing an enabling environment for farmers to understand that economic improvement requires coordination and collaboration via training, coaching and guiding farmers
Building the capacities of leaders, members or managers via long- term support programs via involving more consultancy services and professional development organizations	Support to MAFWE to use the country's best opportunities for increasing the value, quality and profitability of the production e.g. organic agriculture, traditional products, and geographical origin.
Improving leaders, members or managers negotiation skills to enter into and maintain partnerships with buyers	Support to MAFWE in revision of the present model of subsidizing.
Building the capacities leaders, members or managers via developing their entrepreneurial capacities	Technical support to MAFWE in order to introduce flexible conditions for recognizing producer organizations
Building the capacities leaders, members or managers to co-operate, in demolition of mental/psychological barriers, screening and recruiting of potential members.	Support to MAFWE in revisions of the articles in the Law on Agriculture regarding procedure and the setup needed to be established before the recognition of the producer organization.
Suitable trainings and capacity building on sorting, packing and quality control of products	Support to MAFWE in speeding up the process and adopting the missing legal documents in order to finalize the Producer organizations legislation.
Development of a broad range of services offered by the POs to members and other farmers	
Suitable trainings and capacity building on marketing, accounting	

and legal services	
Technical and financial assistance in order to help POs comply with quality standards and certification requirements.	
Build the capacity of farmers and their organizations to organize joined services and input procurement and distribution	
Building the capacities to access financial resources.	
Financial support to POs in securing market, scientific and technical information and other consultations and services to the producer organizations	
Provision of training in management of finances, securing sustainability of turnover capital	
Build the capacity of farmers and their organizations in marketing their produce by training, coaching and guiding farmers	

ANNEXES

ANNEX 1 – QUESTIONNAIRE SAMPLE

Прашалник

Овој прашалник е изработен во соработка со AgBiz проектот на USAID и SNV има за цел да ја испита и процени моменталната состојба, потенцијалот и можностите за пласирање на поддршка за развој на групи-организации на производители во Македонија и дефинирање на можностите за поддршка од страна на донаторите.

За таа цел ве молиме да одвоите 10-15 минути од вашето време за пополнување на прашалникот.

I. Податоци за организацијата:

1. Име на организацијата: _____
2. Адреса : _____
3. Град/село: _____
4. Општина: _____
5. Основано во _____ година
6. Која категорија најдобро го опишува организацискиот облик на вашата организација?

(ве молиме означете го со x соодветниот поле; доколку го означите полето останати, ве молиме да дадете објаснување за типот на претпријатието - организацијата во означениот простор).

Здружение на граѓани

Задруга

Претпријатие

Останато – Ве молиме наведете

7. Кои се трите најсилни страни на производителите во вашиот регион?

1. _____
2. _____
3. _____

8. Кои се трите најслаби страни на производителите во вашиот регион?

1. _____
2. _____
3. _____

9. Дали имате долгорочна соработка со договорно производство со вашите купци или посредници во откупот на вашите производи и сл.?

ДА

НЕ

Ако одговорот е негативен ве молиме објаснете зошто?

10. При производството и продажбата на земјоделските производи наведете најчесто какви проблеми имате и со кого?

11. Дали успевате – можете да ги задоволите барањата и стандардите за квалитет, пакување, сортирање или безбедност на земјоделските производи на вашите купци и кои се полињата кои можат да се подобрат?

12. Дали имате проблем со наплата од вашите купци и зошто?

13. Каква е законската регулатива која ја покрива оваа област:

- a. Лоша
- b. Релативно добра
- c. Добра

14. Што недостасува и што треба да се направи во оваа област?

15. Во кој правец сметате дека е потребно да се движи вашето производство и производството на земјоделски производи во регионот за да се подобри состојбата?

- a. Зголемување на површините
- b. Зголемување на количините
- c. Подобрување на квалитетот
- d. Подобрување на начинот на производство
- e. Подобрување на организацијата за продажба
- f. Исполнување на други специфични услови, Ве молиме наведете

- 1. _____
- 2. _____
- 3. _____

16. Дали во вашиот регион постои некоја форма на здружување на производителите и дали истата е функционална?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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Ако одговорот е позитивен, одговорете го прашањето 17, Ако одговорот е негативен одговорете го прашањето 18

17. Каква форма на здружување постои и дали сте вие член?

18. Што можете да наведете како главна причина за отсуство на форма на здружување?

19. Дали според ваше мислење е потребно да се воспостави поголема соработка или вмрежување на производителите во организации и други субјекти како и размена на информации во полето на зголемување на конкурентноста на земјоделските производи? (Ако одговорот е позитивен, ве молиме објаснете зошто?)

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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Потребна е соработка или вмрежување на производителите поради тоа што

20. Дали сте учествувале или учествувате во некоја форма на здружување на производители на земјоделски производи? Ако одговорот е позитивен, одговорете го прашањето 21)

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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21. Кои се трите најголеми пречки со кои се сретнувате при функционирање на вашата организација? (пр. Финансиски средства, недоволно разбирање помеѓу членовите, немање менаџерски капацитети, проблеми со цена или пласман на производите).

- a. _____
b. _____
c. _____

22. Дали сте запознаени со организацискиот облик –Задруга- во смисол на организациската поставеност и можните поволности и негативности од овој облик на организација?

<input type="checkbox"/> Да	<input type="checkbox"/> Во доволна мерка
<input type="checkbox"/> Не	<input type="checkbox"/> Површно

23. Дали сте запознаени со одредбите на новиот закон за заемјоделство и рурален развој за формирање на групи на производители/организации на производители?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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24. Дали можете да наброите најмалку пет производители со кои во моментот би можеле да соработувате во задруга-организаија на производители?

25. Согласно процесот на хармонизација со законодавството на ЕУ новиот закон за земјоделство предвидува формирање на организации на производители со следните цели:

- планирање на производството и негово усогласување со потребите на пазарот во поглед на побарувачката и квалитетот, концентрација на понудата и подобрување на вкупната продажба на производите од членовите на организацијата, постигнување на оптимално ниво на производните трошоци и стабилизирање на производствените цени, унапредување на начинот на работење, употреба на современа техника и технологија, заштита на природата, олеснување и поедноставување на процесот за пристап до финансиски средства и обезбедување на самоконтрола во организацијата и во производството, особено на специфични видови на производство и агротехнички постапки пропишани со посебни прописи.

Дали сметате дека тоа е потребно во агро секторот и истото би имало значаен ефект?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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26. Висината на финансиската поддршка на одобрените организации на производители од страна на државата е одредена на 4,1% од вредноста на продаденото производство на организацијата на производители.

Дали сметате дека ваквата поддршка е доволна за да ве мотивира да пристапите во некоја постоечка или да отпочнете со регистрација на задруга-организација на производители?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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27. Организацијата на производители треба да располага со соодветен персонал, инфраструктура и опрема за постигнување на целите за своето работење, вклучувајќи

- најмалку двајца вработени од кои еден менаџер

- обезбедени канцелариски услови за работа.

Дали сметате дека можете да ги задоволите овие услови од сопствени ресурси?

Ако одговорот е негативен, одговорете го следното прашање

28. Кој од неведените услови би ви претставувале најголем проблем за да ги исполните и зошто?

29. Со цел една организација да биде препознаена како организација на производители треба да припреми и да поднесе до министерството за земјоделство План за препознавање кој треба да содржи опис на првобитната состојба во врска со бројот на членови на организацијата на производители со податоци за членовите, производството, податоци за вредноста на пазарното производство, маркетингот и инфраструктурата,

вклучувајќи ја и инфраструктурата во сопственост на членовите на задругата која се користи од задругата.

Дали сметате дека вашата организација би имала соодветни капацитети за изработка на План за препознавање.

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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30. Организацијата на производители за да се стекне со правото за користење на поддршка мора да воспостави оперативен фонд, да изготви, да поднесе и да и биде одобрена оперативна програма која треба да содржи и

- Предложени мерки за подобрување на квалитетот на производот

- Предложени мерки за зголемување на трговската вредност на производите,

- Предложени мерки за промоција на производите

- Предложени мерки и методи за производство кои придонесуваат за заштита на животната средина

Дали сметате дека имате соодветни капацитети во вашата организација за изработка на оперативна програма.

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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31. Организациите на производители можат да бидат препознаени само од организацискиот облик – Задруга - дали би пристапиле кон формирање на истата за да го задоволите ова барање?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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32. Организациите на производители е возможно да се формираат само за одредени производи односно групи на производи (овошје или зеленчук)

Ве молиме наведете за кои производи сметате дека е потребно формирање на истите?

33. Заокружете за кои од следниве услуги би ви биле најпотребна поддршка за успешно функционирање на организацијата на производители?

експертски совети за:

Пристап до финансии и планирање

Стандарди и сертификации

Консалтинг и менаџмент

Услуги од областа на екологијата

Раководење и функционалност на организацијата

информирање на членовите за:

Пазарни информации и пласман

Економски анализи на пазари и пазарни трендови

Технички информации и поддршка

Правна помош

Услуги за членовите по повластени цени и услови за:

Разладна опрема

Сортирање и пакување

Законски регулативи и новини во ЕУ и СТО

Домашна легислатива

Опрема за производство

Промоција на вашите производи

34. Дали вие би биле заинтересирани за иницирање на – Задруга/Организација на производители во вашиот регион за да го поуспешите вашето земјоделско производство?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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Ако одговорот е негативен, Ве молиме наведете кој сметате дека треба да ја понесе оваа иницијатива?

35. Дали би биле спремни иницијално да вложите финансиски средства за формирање на Задруга/Организација на производители со цел подобрување на конкурентноста и продажбата на вашите производи?

<input type="checkbox"/> ДА	<input type="checkbox"/> НЕ
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36. Покрај финансиската контрибуција дали вие активно би се вклучиле во раководењето со организацијата на производители или на кој друг начин вие би го помагале формирањето на задруга-организација на производители?

37. Имајќи ги во предвид локалните капацитети, доколку постои спремност од производителите во регионот, кој сметате дека би требало да го предводи процесот на воспоставување и раководење со организацијата на производители?

Прашалникот е пополнет на ден _____ 2011 година, во _____.

Ви благодариме на времето што го одвоивте да го пополните прашалникот!

ANNEX 2 – LIST OF INTERVIEWED ORGANISATIONS

Листа на организации опфатени со асесментот:

1. Земјоделска задруга Вегефреш - Куклиш – Струмица
2. Земјоделска задруга Прва Лозарска Кооператива – Неготино
3. Земјоделска задруга Преспански Овоштари – Ресен
4. Здружение Еко храна – Гевгелија
5. Здружение Еко Градинар – Струмица
6. Потенцијална група за ЗЗ Слива – Христов Фиданчо - Делчево
7. Потенцијална група за ЗЗ Трпезно грозје – Колев Зоран – Кавадарци
8. Потенцијална група за ЗЗ Ориз – Николчо Колев - Пробиштип
9. Вивипром – Богданци
10. Даво – Струмица
11. Агро Скопје Комерц - Скопје
12. Вино Рај – Сопот
13. Агро Зимак – Росоман
14. Пеца Комерц – Кавадарци
15. Слога – Радовиш
16. Агрос – Кочани
17. Агро Виножито – Скопје