



Food and Agriculture Organization
of the United Nations

**Regional TCP
on Empowering Smallholders
and Family Farms
(TCP/RER/3601)**

Smallholders and family farms in Albania



Country study report

2019

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Abbreviations and acronyms

AAC	Albanian Agriculture Competitiveness Program
ADAD	Association for the Development of Agriculture in Mountain Districts
ADAMA	Albanian Dairy and Meat Association
AFADA	Albanian Fertilizer and Agricultural Inputs Dealers Association
AGROWEB	General Information Website
AICS	Italian Agency for Development Cooperation (Agenzia Italiana per la Cooperazione allo Sviluppo)
ALCDF	Albanian Local Capacity Development Foundation
ALL	Albanian lek
AOA	Albanian Edible Oil Association
AOOA	Albanian Olive Oil Associations
APM	Agricultural Policy Measures
ASCU	Albanian Savings & Credit Union
ASDO	A project financed by the Italian Government focused only on IPARD-like grants
ASTA	American Spice Trade Association
ATTC	Agricultural Technology Transfer Centres
AZhBR/ARDA	Agricultural and Rural Development Agency (Agjencia e Zhvillimit Bujqesor dhe Rural)
AUT	Agriculture University of Tirana
BAS	Business Advisory Services
CAP	Common Agricultural Policy (of the European Union)
CERGE	Centre for Economic Research and Graduate Education
CF	contract farming
CMO	Council of Ministers Orders
CPF	Country Programming Framework
DANIDA	Danish International Development Agency
DAP	Diammonium phosphate
DRM	Disaster Risk Management
DSA	Development Solutions Associates
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EU	European Union
EUR	Euro, the official currency of the Eurozone
FADN	Farm Accountancy Data Network
FAO	Food and Agriculture Organization of the United Nations
FAOSTAT	FAO Statistical Databases (United Nations)
FUA	Forest Users Associations
GACP	Good Agricultural and Collection Practices
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoA	Government of Albania

GVA	Agriculture gross Value Added
ha	hectare
HACCP	Hazard Analysis and Critical Control Point
HH	household
IBRD	International Bank for Reconstruction and Development
IFDC	International Fertilizer Development Centre
INSTAT	Albanian Institute of Statistics
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for Pre-Accession Assistance for Rural Development
IPM	Integrated Pest Management plan
IPRO	Immovable Property Registration
IPRS	Immovable Property Registration System
ISARD	Inter-sectoral Strategy for Agriculture and Rural Development
KASH	Keshillii Agrobiznesit Shqiptar (Albanian Agribusiness Council)
km	kilometer
LFS	Labour Force Survey
LGU	Local Government Units
LIS	Land Information System
LPIS	Land Parcel Information System
LSMS	Living Standard Measurement Survey
MA	Management Authority
MAFCP	Ministry of Agriculture, Food and Consumer Protection
MAP	Medicinal and Aromatic Plants
MARDWA	Ministry of Agriculture, Rural Development and Water Administration
MARD	Ministry of Agriculture and Rural Development
MES	Ministry of Education and Sports
MFI	micro-finance institutions
MIS	Market Information System
NA	not available
NES	National Employment Service
NFA	The National Food Authority
NGO	non-governmental organization
NMS	National Minimum Standards
NPK	Nitrogen, Phosphorous, Potassium
PAZA	Protection Against Zoonotic Diseases, Albania (Project)
PMO	Prime Minister's Office
PSI/PSOM	Private Sector Investment Programme
RABO/RIAS	Rabo International Advisory Services
REC	Regional Environmental Centre
SARD	Support to agriculture and rural development
SARED	Support to Agriculture and Rural Economic Development in Disadvantaged Areas of Albania
SASA	Scottish Agricultural Science Agency
SCA	Savings and Credit Associations
SHBB (AOA)	Agricultural Cooperation Association
SHPK	Limited Liability Corporation
SIPPO	Swiss Import Promotion Programme
SME	small and medium enterprises

SNV	Netherlands Development Organization
TA	Technical Assistance
UAA	utilized agricultural area
UN	United Nations
UNIDO	United Nations Industrial Development Organization
UNSTAT	United Nations Statistical Division
UPM	Union of Flour Producers
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VAT	value added tax
VC	value chain
VE	vocational education
VET	vocational education and training
VGGT	Voluntary Guidelines on the Responsible Governance of Tenure
WB	World Bank
WUA	Water Users Associations
WW2	World War II

Executive summary



Background

Supporting smallholders and family farms is one of the four priorities for FAO in Europe and Central Asia, confirmed by the FAO Regional Conference in 2016. In the region in 2014, FAO launched the Regional Initiative “Empowering smallholders and family farms for improved rural livelihoods and poverty reduction.” This Regional Initiative builds on the legacy of the International Year of Family Farming in 2014. In addition, the United Nations General Assembly, in December 2017, officially declared 2019–2028 the Decade of Family Farming, and thus the Regional Initiative will continue to provide the framework for FAO support to family farms in Europe and Central Asia.

The FAO REU Regional Initiative has two main components: a) Support policy development and innovative practices for increased sustainable agricultural production and b) Support improvement of rural livelihood and enhanced access to natural resources

The background for conducting country studies on the challenges, needs and constraints of smallholders and family farms in seven countries¹ has been a wish to further strengthen the Regional Initiative and develop the initiative towards a stronger programmatic approach at both the regional and country levels. To provide support to smallholders and family farms, there has been a need to develop a better understanding and knowledge platform of the main challenges, needs and constraints of smallholders and family farms in the specific country context. Even though many of the challenges are the same throughout the region, there are still significant variations among the countries; it is important to recognize and understand these variations when designing support to smallholders and family farms in each specific country.

FAO has conducted country studies during 2017–18 on the needs and constraints of smallholders and family farms in seven countries including Albania of the region as part of a regional project (TCP/RER/3601).

Objectives

It has been the objectives of the country studies first to analyze the development trend and current state of smallholders and family farms in the specific country, second to study the current political priorities and policies affecting smallholders and family farms, and finally, based on the conclusions made, to provide recommendations, mainly at the policy level, on how to further support the development of commercial family farms and at the same time ensure in general inclusive growth, improved rural livelihood for women and men and the reduction of rural poverty for all. It is hoped that each country study will not only be relevant for FAO but also for governments, donors and other international organizations when formulating policy and preparing programmes. Furthermore, it is the intention

¹ Namely Albania, Armenia, Georgia, Kyrgyzstan, North Macedonia, Republic of Moldova and Tajikistan.

that the recommendations from each study will feed directly into the formulation of the Country Programming Framework (CPF), the multi-annual cooperation agreement between FAO and each country. One of the objectives was also to suggest a small farm size classification missing in Albania.

Methodology

The research methodology combines desk research, interviews with key stakeholders and the use of case studies. The desk research covers an assessment of available policy documents, research papers, reports, studies, etc. from public authorities, academia and international donors and organizations, as well as FAO assessments relevant for smallholders and family farms. Furthermore, the desk research covers official statistics from public sources supplemented with poverty and living conditions surveys and data/statistics from academia, donor organizations and other contributors. This process highlighted the gaps in the Albanian agriculture related statistics, in terms of availability (recent data not available) and quality.

Two workshops have been organized. One introductory workshop, accomplished right at the beginning of the working process, had the objective to clarify and define the current situation and the state of play of smallholders and family farms, as well the issue of small farm size definition. The second workshop was a validation workshop, where the preliminary findings, conclusions and recommendations were presented to the stakeholders who participated in the first country workshop as well as new stakeholders identified through the working process. The objective was to validate the analysis and to establish a common understanding about conclusions and recommendations. The workshop took place at the end of the process but before finalization of the study so that requests for adjustments from the workshop could be taken aboard.

Findings

According to this study report, the suggested classification for farms is: Small and very small farms are up to 2 ha in size, and large farms are those larger than 2 ha. Very large farms are 10 ha or more. According to the proposed classification, 86 percent of the roughly 350 000 farms in Albania have up to 2 ha, while the rest (14 percent) have more than 2 ha. Women represent 50 percent of those working in agriculture, but head around 6.5 percent of all farms. Thus, agriculture production is completely dominated by smallholders and family farms, and women and men face different realities and needs. Therefore, most conclusions and recommendations are relevant for both small farms/holdings and for the agriculture sector as a whole, and the different needs of women and men are considered in each section.

Agriculture remains one of the largest sectors in Albania. Agriculture accounts for about one-fifth of the gross domestic product, and it accounts for slightly less than half of the total employment, since the agriculture sector is dominated by small and family farms. Family farms and smallholders are critical for food security of the Albanian population, as well as for poverty reduction of rural areas.

Small farm size (average roughly 1.2 ha), combined with fragmentation (for example, three or more parcels per farm) is one of the major challenges of the agriculture sector. The land reform implemented in the early 1990s, in which state agricultural land was equally distributed to the rural population, resulted in small and fragmented farms that hampered the growth and competitiveness of agriculture, and limited women's de facto possibilities to enjoy land ownership and land rights, given, among others, the registration system. Erosion, degradation, the low level of land-related investments and the loss of agriculture land to other uses are also persisting challenges.

Low income revenues from agriculture and underemployment lead family farms to develop livelihood strategies based on income diversification linked with migration of one or several of its members. The reduced economic opportunities in rural areas (both on-farm and off-farm), along with limited social services, education opportunities, and social welfare (including leisure), results in many family farm members using migration and its remittances to move out of agriculture. At the same time, though, many of the successful farms and processing plants are being operated by returning migrants, who bring their savings as well as their know-how (Kilic *et al.*, 2009). Therefore, migration and its remittances seem to be slowly but steadily reducing the number of farmers and at the same time contributing to the success of those who decide to invest in agriculture.

Small farm households have limited access to market conditioned also by gaps in food safety standards and volumes and limited access to services and high-quality inputs. The misuse of pesticides and fertilizers, and the limited access to technology, mechanization and agricultural innovation, are also limiting factors for the development of smallholders. The social and physical infrastructure of rural areas need significant improvement. Also needed are improvements in access to education, vocational training and rural advisory services for rural men, and especially for rural women.

Access to finance, both within private banking and public subsidies, is limited for both women and men, and it is also hampered by a poor social protection system. Pensions for rural residents is roughly EUR 60, slightly more than half of the urban counterpart, and it is lower in the case of women. Only 40 000 persons – no sex-disaggregated data is available – contributed to the insurance scheme as self-employed in agriculture (a very low figure, considering that there are 340 000 farms in Albania). Poor households are a special but significant category facing the biggest problems in terms of access to finance, particularly female-headed households. In Albania, a person is defined as “poor person” if he or she has a monthly consumption of less than EUR 40. Despite improvements during the 2000s, the global financial crisis resulted in increased absolute poverty, from 12.5 percent in 2008 to 14.3 percent in 2012, with slightly higher levels for rural areas.

The government of Albania and various donor program have made effort to improve access to finance for the agriculture sector as a whole, including also small and family farms, as well as to improve the overall economic and social development of rural areas. Accessibility of financial support for small farms is quite small, particularly for those living in remote areas, for those with less experience in bureaucratic work, and for women. Access also varies by type of schemes. For example, some national schemes, such as support for new plantations such as vineyards, olives, orchards and medical and aromatic plants (MAPs), have been opened for both small-scale and larger-scale farmers. Other national

schemes, such as those supporting certain greenhouse investments and livestock direct payments, have targeted larger farms. The situation is also mixed in terms of donor-supported projects. Some donor funded programs/projects such as IPARD (IPARD-like in the past or IPARD II in the future) are feasible for larger farms only, while others such as SARED have been accessible also for small farms, although with modest reach of rural women. Policies such as the Social Protection strategy for 2014–2020, the Gender Equality Strategy for 2014–2020, and the Employment and Skills Strategy for 2014–2020 include measures to reduce informality of farmers, with particular attention to the informality of women family workers; to develop the economic empowerment of women and men from rural areas, improving employability and entrepreneurship; and to improve social well-being through the development of physical and social infrastructure in rural areas.

Recommendations

- *Continue the development of statistics and data as a basis for appropriate and coherent policy development.* The study report provides a set of recommendations for improving policy by the Government and donors active in the sector. A starting point should be statistics, considering the gaps in both availability and use of statistics. There is a need for a complete and gender-responsive farm register that can serve as a source of information, *per se*, and as a basis for solid policy development based on surveys (sampling). Specific indicators and statistics related to small farms, and in line with the Sustainable Development Goals, should be introduced. First and foremost, it is important to report statistics for this category of farmers specifically and to collect key figures on income.
- *Support the holistic improvement of family farms, along with the development of on-farm and off-farm employment and economic opportunities for women and men.* A holistic approach to agriculture and rural development that involves social protection, infrastructure, social welfare and economic development is necessary. Target measures need to ensure that those smallholders and family farms willing to stay have the means to grow and develop their business and that those smallholders willing to move out from agriculture have other income opportunities in rural areas that can contribute to rural development. A pro-poor approach is essential, targeting those in the lowest quintiles and with particular attention to vulnerable groups, people living in remote areas, and female-headed households. For this, the Ministry of Social Welfare and Youth can be involved in the inter-institutional working group that designs agricultural policies.
- *Further develop social protection, as well as social and physical infrastructure,* in line with the Employment and Skills Strategy 2014–2020 and the Gender Equality Strategy 2014– 2020. In order to reach the goals of these strategies, informality needs to be addressed, both for the heads of the farms, through incentives, as well as for contributing family workers. For the second, the joint farm titling and the figure of the farm co-manager, established by law in some European Union countries (Belgium and Spain, for example), can be explored and adapted to the case of Albania.
- *Improve access to training and education* for rural women and men, particularly access to vocational education in rural areas, as envisaged in the Employment and Skills Strategy 2014–2020. Scholarships for rural girls and boys for school, high school and university studies, as well as safe transportation for girls and boys, are also necessary.

- *Improve farm registration, as well as the land market and land tenure*, ensuring that they are gender responsive, in line with the 2016 CEDAW Committee recommendations.
- *Improve access to markets, food safety standards and value chain coordination*. For this, local markets can be developed and local demand targeted. Value chain organization and contract farming also can be developed, as can agricultural cooperation. One major concern is the gap between the requirements imposed by the legislation (often introduced in the context of the EU approximation process) and real-world situations. Various standards are not implemented by most farmers, especially by the smallest farmers. This has negative consequences, including constraints in market access and, most notably, lack of eligibility for IPARD II schemes. It is necessary to review the legislation related to agriculture and rural development and to ensure that realistic transitory periods are in place, while at the same time stepping up efforts to raise awareness and to provide funding and technical assistance for compliance with regulations.
- *Strengthen access to finance*. Overall, small farms have higher difficulty in accessing finance (both loans and grants). In the case of loans, one reason for this difficulty is the high level of informality that characterizes the agriculture sector as a whole and the smaller farms specifically. Regarding access to grants, requirements for documentation and standards, such as in the case of IPARD II program, make it almost impossible for small farms to participate. One strategy is to support farmers whose fulfilment of formal requirements is impossible, through other programmes or schemes that may have more relaxed eligibility criteria.
- *Improve access to inputs, extension services and innovation, within sustainable and environmentally friendly use of natural resources and agriculture inputs*. The capacities of rural advisory services need to be developed not only on agriculture-related topics but also on business management, marketing, food processing, income diversification, tourism and environmentally and socially sustainable development. The number of staff members of public rural advisory services needs to be increased, and they should be provided with enough equipment to be able to reach the beneficiaries. State institutions should strengthen the quality control of inputs, and training should be provided on how to better use pesticides and support small farmers in buying simple equipment (for spray pesticides, for example).

Përmbledhje ekzekutive



Konteksti

Mbështetja e fermerëve të vegjël dhe fermave familjare është një nga katër prioritetet e FAO-s në Evropë dhe Azinë Qendrore, e konfirmuar nga Konferenca Rajonale e FAO-s në vitin 2016. Në rajon, në vitin 2014, FAO prezantoi *Iniciativën Rajonale mbi Fuqizimin e Fermerëve të Vegjël dhe Fermave Familjare për Përmirësimin e Jetesës Rurale dhe Uljen e Varfërisë*. Iniciativa rajonale bazohet në trashëgiminë e Vitit Ndërkombëtar të Bujqësisë Familjare në 2014-ën. Gjithashtu, Asambleja e Përgjithshme e Kombeve të Bashkuara, në dhjetor të vitit 2017, e shpalli zyrtarisht periudhën 2019–2028 si Dekada e Bujqësisë Familjare dhe, si rrjedhojë, Iniciativa Rajonale do të vazhdojë të ofrojë kuadrin për mbështetjen e FAO-s për fermat familjare në Evropë dhe Azinë Qendrore.

Iniciativa Rajonale do të ketë dy komponentë kryesorë në vitet 2018/19: a) *Të mbështesë zhvillimin e politikave dhe praktikave inovative për rritjen e prodhimit të qëndrueshëm bujqësor dhe b) Të mbështesë përmirësimin e jetesës rurale dhe rritjen e aksesit në burimet natyrore*

Konteksti për kryerjen e studimeve për vendin mbi sfidat, nevojat dhe kufizimet e fermerëve të vegjël dhe fermave familjare në shtatë shtete² ka qenë një dëshirë për të forcuar më tej Iniciativën Rajonale dhe për ta zhvilluar atë drejt një qasjeje programatike më të fortë në nivele rajonale dhe kombëtare. Për t'i ofruar mbështetje fermerëve të vegjël dhe fermave familjare, ka qenë nevoja që të zhvillohet një platformë më e mirë e njohurive dhe e të kuptuarit të sfidave, nevojave dhe kufizimeve kryesore të fermerëve të vegjël dhe fermave familjare në kontekstin specifik të vendit. Edhe pse shumë prej sfidave janë të njëjta në të gjithë rajonin, ka ende disa ndryshimeve të konsiderueshme ndërmjet vendeve; është e rëndësishme të njihen dhe kuptohen këto ndryshimeve kur hartohet mbështetja për fermerët e vegjël dhe fermat familjare në çdo vend specifik.

FAO ka kryer studime gjatë periudhës 2017-18 mbi nevojat dhe kufizimet e fermerëve të vegjël dhe fermave familjare në shtatë vende të rajonit, përfshirë Shqipërinë si pjesë e një projekti rajonal (TCP/RER/3601).

Objektivat

Objektivat e studimeve për vendin kanë qenë: së pari të analizohet tendenca e zhvillimit dhe situata aktuale e fermerëve të vegjël dhe fermave familjare në vendin përkatës, së dyti të studiohen prioritetet politike dhe politikat aktuale që kanë ndikim te fermerët e vegjël dhe fermat familjare dhe së fundmi, bazuar në konkluzionet e nxjerra, të bëhen rekomandime, kryesisht në nivelin e politikave, mbi mënyrën sesi të mbështetet më tej zhvillimi i fermave familjare me orientim tregu dhe në të njëjtën kohë të garantohet në përgjithësi rritja gjithëpërfshirëse, përmirësimi i jetesës për burrat dhe gratë dhe ulja e varfërisë për të gjithë në zonat rurale. Shpresohet se çdo studim për vendin do të jetë i rëndësishëm

² Konkretisht në Shqipëri, Armeni, Gjeorgji, Kirgistan, Ish-Republikën Jugosllave të Maqedonisë, Moldavi dhe Taxhikistan,

jo vetëm për FAO-n por gjithashtu edhe për qeveritë, donatorët dhe organizata të tjera ndërkombëtare kur formulojnë politikat dhe përgatisin programet. Gjithashtu, synohet që rekomandimet nga çdo studim të kontribuojnë drejtpërsëdrejti në formulimin e Kuadrit të Programimit për Vendin (CPF), në marrëveshjen e bashkëpunimit shumëvjeçar ndërmjet FAO-s dhe secilit vend. Gjithashtu, një ndër objektivat ishte të sugjerohej një klasifikim i madhësisë së fermave të vogla, i cili mungon në Shqipëri.

Metodologjia

Metodologjia e kërkimit kombinon shqyrtimin e literaturës, intervistat me grupet kryesore të interesit dhe përdorimin e rasteve studimore. Shqyrtimi i literaturës përfshin një vlerësim të dokumenteve të disponueshme të politikave, dokumenteve kërkimore, raporteve, studimeve, etj., nga autoritetet publike, akademikë dhe donatorë e organizata ndërkombëtare, si dhe vlerësimet përkatëse të FAO-s për fermerët e vegjël dhe fermat familjare. Gjithashtu, shqyrtimi i literaturës përfshin statistika zyrtare nga burimet publike, të plotësuara me anketat e varfërisë dhe kushteve të jetesës dhe të dhëna/statistika nga akademikë, organizata donatore dhe kontributorë të tjerë. Ky proces nënvizoi mangësitë në statistikat e lidhura me bujqësinë në Shqipëri, në aspektin e disponueshmërisë (të dhënat e kohëve të fundit nuk janë të disponueshme) dhe cilësisë.

Janë organizuar dy seminare. Një seminar prezantues, i kryer në fillim të procesit të punës, kishte objektivin të sqaronte dhe përkufizonte situatën aktuale të fermerëve të vegjël dhe fermave familjare, si dhe çështjen e përcaktimit të madhësisë së fermave të vogla. Seminari i dytë ishte një *seminar validimi*, ku gjetjet, konkluzionet dhe rekomandimet paraprake ju prezantuan grupeve të interesit që morën pjesë në seminarin e parë për vendin si dhe grupeve të reja të interesit të identifikuara gjatë procesit të punës. Objektivi ishte të konfirmohej analiza dhe të krijohesh një mirëkuptim i përbashkët rreth konkluzioneve dhe rekomandimeve. Seminari u organizua në fund të procesit por përpara finalizimit të studimit në mënyrë që të merreshin në konsideratë kërkesat për rregullime nga seminari.

Gjetjet

Sipas këtij raporti studimor, klasifikimi i sugjeruar për fermat është: fermat e vogla dhe shumë të vogla kanë madhësi deri në 2 ha; dhe fermat e mëdha janë ato më të mëdha se 2 ha, ndërsa fermat shumë të mëdha janë 10 ha ose më tepër. Sipas këtij klasifikimi të propozuar, 86 për qind e rreth 350 000 fermave në Shqipëri janë deri në 2 ha, ndërsa pjesa tjetër (14 për qind) janë më tepër se 2 ha. Femrat përbëjnë 50 për qind të atyre që punojnë në bujqësi, por drejtojnë rreth 6,5 për qind të të gjitha fermave. Kështu, prodhimi bujqësor është i dominuar plotësisht nga fermerët e vegjël dhe fermat familjare dhe burrat e gratë përballen me realitete dhe nevoja të ndryshme. Për rrjedhojë, pjesa më e madhe e konkluzioneve

dhe rekomandimeve janë të rëndësishme për fermat/fermerët e vegjël dhe për sektorin e bujqësisë në tërësi dhe nevojat e ndryshme të burrave dhe grave shqyrtohen në çdo seksion.

Bujqësia mbetet një nga sektorët më të mëdhenj në Shqipëri. Bujqësia përfaqëson rreth një të pestën e produktit të brendshëm bruto dhe diçka më pak se gjysmën e punësimit në total, pasi sektori i bujqësisë është i dominuar nga fermat e vogla dhe familjare. Fermat familjare dhe fermerët e vegjël janë thelbësore për sigurimin ushqimor të popullsisë shqiptare, si dhe për uljen e varfërisë të zonave rurale.

Madhësia e vogël e fermave (mesatarisht 1,2 Ha) e kombinuar me fragmentimin (p.sh. 3 ose më tepër parcela për fermë) është një nga sfidat kryesore të sektorit të bujqësisë. Reforma e tokës, e zbatuar në fillim të viteve 1990, sipas së cilës toka shtetërore bujqësore iu shpërnda në mënyrë të barabartë popullsisë rurale, çoi në krijimin e fermave të vogla dhe të fragmentuara që penguan rritjen dhe konkurrueshmërinë e bujqësisë dhe kufizuan mundësitë de facto të grave për të përfituar nga pronësia dhe të drejtat e tokës, e ndër të tjera, nga sistemi i regjistrimit. Niveli i ulët i investimeve të lidhura me tokën, erozioni, degradimi dhe humbja e tokës bujqësore për përdorime të tjera janë gjithashtu sfida të vazhdueshme.

Të ardhurat e ulëta nga bujqësia dhe nënpunësimi bënë që fermat familjare të zhvillojnë strategji jetese bazuar në diversifikimin e të ardhurave që lidhet me emigracionin e një ose disa prej anëtarëve të saj. Mundësitë e reduktuara ekonomike në zonat rurale (brenda dhe jashtë fermës), së bashku me shërbimet e kufizuara sociale, mundësitë për arsimim dhe mirëqenie sociale (përfshirë zbatimin) bëjnë që shumë anëtarë të fermave familjare të përdorin gjithashtu emigracionin dhe t'i largojnë remitancat nga bujqësia. Megjithatë, në të njëjtën kohë, shumë prej fermave dhe fabrikave të suksesshme të përpunimit po drejtohen nga emigrantët e kthyer, të cilët sjellin kursimet si dhe njohuritë e tyre. Për rrjedhojë, emigracioni dhe remitancat e tij duket se po reduktojnë me ngadalë por në mënyrë të qëndrueshme numrin e fermerëve dhe në të njëjtën kohë po kontribuojnë në suksesin e atyre që vendosin të investojnë në bujqësi.

Familjet në fermat e vogla kanë akses të kufizuar në treg, të kushtëzuar gjithashtu nga mangësitë në standardet e sigurisë ushqimore dhe në volume, akses të kufizuar në shërbime dhe në inputet me cilësi të lartë. Keqpërdorimi i pesticideve dhe plehërave kimike, si dhe aksesit i kufizuar në teknologji, mjete të mekanizuara dhe në inovacionet bujqësore janë gjithashtu faktorë kufizues për zhvillimin e fermerëve të vegjël. Infrastruktura sociale dhe fizike e zonave rurale ka nevojë për përmirësim të konsiderueshëm, si dhe përmirësim të aksesit në arsim, formim profesional dhe shërbime këshilluese rurale për meshkujt ruralë dhe veçanërisht për femrat rurale.

Aksesit në financime, si brenda sektorit privat bankar ashtu dhe në subvencione publike është i kufizuar për burrat dhe gratë dhe pengohet gjithashtu nga një sistem i dobët i mbrojtjes sociale. Pensioni për banorët e zonave rurale është afërsisht 60 EUR, pak më tepër se gjysma e pensionit në zonat urbane dhe në rastin e grave, është edhe më i ulët. Vetëm 40 000 persona –nuk ka të dhëna të ndara sipas gjinisë- kontribuuan në skemën e sigurimeve si të vetëpunësuar në bujqësi (shifër shumë e ulët duke pasur parasysh që ka 340 000 ferma në Shqipëri). Familjet e varfra janë një kategori e veçantë por e konsiderueshme që përballen me problemet më të mëdha në aspektin e aksesit në financime, veçanërisht familjet me kryefamiljare femra. Në Shqipëri, një person identifikohet si një “person i varfër” nëse ai ose ajo ka një konsum mujor më të ulët se 40 EUR. Pavarësisht përmirësimeve gjatë viteve 2000, kriza financiare globale çoi në rritjen e varfërisë absolute, nga 12,5 për qind në vitin 2008 në 14,3 për qind në vitin 2012, me nivele pak më të larta për zonat rurale.

Qeveria e Shqipërisë dhe programe të ndryshme donatorësh kanë bërë përpjekje për të përmirësuar

aksesin në financime për sektorin e bujqësisë në tërësi, përfshirë gjithashtu fermat e vogla dhe familjare, si dhe për të përmirësuar zhvillimin e përgjithshëm ekonomik dhe social të zonave rurale. Aksesueshmëria e mbështetjes financiare për fermat e vogla është goxha e ulët, veçanërisht për ata që jetojnë në zona të thella, për ata me më pak eksperiencë në çështjet burokratike si dhe për gratë. Gjithashtu, aksesin ndryshon sipas llojit të skemave. Për shembull, disa skema kombëtare, si mbështetja për plantacionet e reja si vreshta, ullinj, pemishte dhe bimë aromatike dhe mjekësore (BAM), kanë qenë të aksesueshme si nga fermerët e vegjël edhe nga ata të mëdhenj. Skema të tjera kombëtare, si ato që mbështesin investimet në sera dhe pagesat e drejtpërdrejta për blegtorinë, kanë synuar fermat më të mëdha. Situata është gjithashtu mikse për sa i përket projekteve të mbështetura nga donatorët. Disa programe/projekte të financuara nga donatorët si IPARD (IPARD-Like në të kaluarën ose IPARD II në të ardhmen) janë të zbatueshme/arritshme vetëm për fermat e mëdha ndërsa të tjerë si SARED kanë qenë të aksesueshëm edhe për fermat e vogla, edhe pse me arritje modeste në drejtim të grave rurale. Politikat e tilla si strategjia e Mbrotjes Sociale, Strategjia për Barazinë Gjinore 2014 -2020 dhe Strategjia e Punësimit dhe Aftësive për vitet 2014 – 2020 përfshijnë masa për të reduktuar informalitetin e fermerëve, me vëmendje të veçantë në informalitetin e punëtoreve femra në familje; për të zhvilluar fuqizimin ekonomik të burrave dhe grave nga zonat rurale duke përmirësuar punësimin dhe aftësitë sipërmarrëse; dhe për të përmirësuar mirëqenien sociale nëpërmjet zhvillimit të infrastrukturës fizike dhe sociale në zonat rurale.

Rekomandime

- *Të vazhdojë zhvillimi i statistikave dhe i të dhënave si bazë për zhvillimin e duhur dhe koherent të politikave.* Raporti studimor jep një paketë me rekomandime për përmirësimin e politikave nga qeveria dhe donatorët aktivë në sektor. Pikënisje duhet të jenë statistikave duke pasur parasysh mangësitë si në disponueshmërinë ashtu dhe në përdorimin e statistikave. Ekziston nevoja për një regjistër të plotë dhe që i përgjigjet aspekteve gjinore të fermave, i cili mund të shërbejë si një burim informacioni, në vetvete, dhe si një bazë për zhvillimin e qëndrueshëm të politikave bazuar në anketa (kampionime). Duhet të prezantohen treguesit dhe statistikave specifike në lidhje me fermat e vogla dhe në përputhje me Objektivat e Zhvillimit të Qëndrueshëm. Së pari dhe më kryesorja, është e rëndësishme të raportohen statistikave për këtë kategori specifike të fermerëve dhe të mbledhen shifrat kryesore mbi të ardhurat.
- *Të mbështetet përmirësimi gjithëpërfshirës i fermave familjare, së bashku me zhvillimin e punësimit brenda e jashtë fermave dhe mundësive ekonomike për burrat dhe gratë.* Është e nevojshme një qasje gjithëpërfshirëse ndaj bujqësisë dhe zhvillimit rural që përfshin mbrotjen sociale, infrastrukturën, mirëqenien sociale dhe zhvillimin ekonomik. Masat e synuara duhet të garantojnë se ata fermerë të vegjël dhe ato ferma familjare, të gatshme për të qëndruar, duhet të kenë mjetet për të rritur dhe zhvilluar biznesin e tyre dhe në të njëjtën kohë, fermerët e vegjël që janë të gatshëm të largohen nga bujqësia, të kenë mundësi të tjera për të gjeneruar të ardhura në zonat rurale që mund të kontribuojnë në zhvillimin rural.
- Është thelbësore të ketë një qasje që mbështet të varfrit, që synon ata në kuantilet më të ulëta, me vëmendje të veçantë në grupet vulnerabël, njerëzit që jetojnë në zona të thella dhe familjet me

kryefamiljare femra. Për këtë arsye, Ministria e Mirëqenies Sociale dhe Rinisë mund të përfshihet në grupin ndërinstitucional të punës që harton politikat bujqësore.

- *Të zhvillohet më tej mbrojtja sociale, si dhe infrastruktura sociale dhe fizike, në përputhje me Strategjinë e Punësimit dhe Aftësive 2014 – 2020 dhe Strategjinë për Barazinë Gjinore 2014- 2020. Për të arritur objektivat e këtyre strategjive, duhet të adresohet informaliteti si për drejtuesit e fermave nëpërmjet incentivave, ashtu dhe për punëtorët kontribuues në familje. Për të dytët, pronësia e përbashkët në ferma dhe figura e bashkë-menaxherit të fermës, e caktuar me ligj në disa vende të BE-së si në Belgjikë dhe Spanjë, mund të shqyrtohet dhe përshtatet me rastin e Shqipërisë.*
- *Të përmirësohet aksesimi në trajnimin dhe arsimimin e grave dhe burrave ruralë, veçanërisht aksesimi në formimin profesional në zonat rurale siç parashikohet në Strategjinë e Punësimit dhe Aftësive 2014 – 2020. Gjithashtu, është e nevojshme dhënia e bursave për vajzat dhe djemtë ruralë, për të ndjekur studimet në shkollat 9-vjeçare, të mesme dhe universitete, si dhe transporti i sigurt i tyre.*
- *Të përmirësohet regjistrimi i fermave, si dhe tregu i tokës dhe pronësia e tokës, duke garantuar që t'i përgjigjen aspekteve gjinore, në përputhje me rekomandimet e Komitetit të CEDAW në vitin 2016.*
- *Të përmirësohet aksesimi në tregje, standardet e sigurisë ushqimore dhe koordinimi i zinxhirit të vlerës. Për këtë, tregjet lokale mund të zhvillohen dhe të shënjestrohet kërkesa lokale. Gjithashtu, mund të zhvillohet organizimi i zinxhirit të vlerës dhe kontraktimi, si dhe bashkëpunimi bujqësor. Një shqetësim madhor është hendeku ndërmjet kërkesave të vendosura nga legjislacioni (shpeshherë të paraqitura në kontekstin e procesit të përafrimit me BE-në) dhe situatave në realitet. Disa standarde nuk zbatohen nga pjesa më e madhe e fermerëve, veçanërisht nga fermerët e vegjël. Kjo ka pasoja negative përfshirë kufizimet e aksesit në tregje dhe mbi të gjitha mungesën e kualifikimit për skemat e IPARD II. Është e nevojshme të rishikohet legjislacioni i lidhur me bujqësinë dhe zhvillimin rural dhe të garantohet se ekzistojnë periudha realiste transpozimi, ndërsa në të njëjtën kohë të shtohen përpjekjet për të rritur ndërgjegjësimin dhe për të ofruar financime dhe asistencë teknike në përputhje me rregulloret.*
- *Të forcohet aksesimi në financime. Në përgjithësi, fermat e vogla kanë vështirësi më të mëdha për të pasur akses në financime (në hua dhe grante). Në rastin e huave, një arsye është niveli i lartë i informalitetit që karakterizon sektorin e bujqësisë në tërësi dhe veçanërisht fermat e vogla, çka e bën më të vështirë që ato të merren në konsideratë nga bankat. Lidhur me aksesin në grante, kërkesat për dokumentacione dhe standarde, si në rastin e programit IPARD II, e bëjnë pothuajse të pamundur pjesëmarrjen e fermave të vogla. Një strategji është të mbështeten fermerët të cilët e kanë të pamundur të përmbushin kërkesat e mëparshme, nëpërmjet programeve/skemave të tjera të cilat mund të kenë kërkesa më fleksibël për kriteret e përzgjedhjes.*
- *Të përmirësohet aksesimi në inpute, shërbimet e ekstensionit dhe inovacionet, përmes përdorimit të burimeve natyrore dhe inputeve bujqësore në mënyrë të qëndrueshme dhe miqësore ndaj mjedisit. Duhet të zhvillohen kapacitetet e shërbimeve rurale këshilluese jo vetëm në çështjet e lidhura me bujqësinë, por gjithashtu edhe në menaxhimin e biznesit, marketingun, përpunimin e ushqimit, diversifikimin e të ardhurave, turizmin dhe zhvillimin e qëndrueshëm mjedisor dhe social. Duhet të rritet numri i stafit në shërbimet publike rurale këshilluese dhe duhet t'ju jepen pajisje të mjaftueshme për të arritur te përfituesit. Të forcohet kontrolli i cilësisë së inputeve nga institucionet shtetërore. Të ofrohet trajnim për përdorimin më të mirë të pesticideve dhe të mbështeten fermerët e vegjël në blerjen e pajisjeve të thjeshta (p.sh. spërkatësit e pesticideve).*

1. Introduction to smallholders and family farms and their role in Europe and Central Asia



1.1 Background for the Regional Initiative on supporting smallholders and family farms

Europe and Central Asia is largely a region of smallholders and family farms. The Food and Agriculture Organization of the United Nations (FAO) has in the region 18 programme countries, of which the large majority have farms structures dominated by smallholders and family farms. These countries have either farm structures fully dominated by smallholders or dualistic farm structures with many small farms and few large, corporate farms. In most of the countries, but not all, the current farm structures are the outcome of land reforms implemented from the beginning of the transition from planned economy towards market economy that began after 1990. Smallholders and family farms in the FAO programme countries are usually suffering from a wide range of both needs and constraints. These farms are often not economically viable, and rural populations remain poor and vulnerable. Despite this, they potentially represent a key resource to achieving sustainable economic, social and environmental development. Smallholders and family farms can achieve higher levels of income, production and productivity through sustainable utilization of resources and intensification of production, better organization, access to adequate public services and better integration into agrifood value chains. Getting family farming right in this respect is a key component of enhancing food security, ensuring equitable and decent livelihoods for all rural women and men, achieving sustainable rural development and diversification, and reducing rural poverty.

Supporting smallholders and family farms is one of the four priorities for FAO in Europe and Central Asia, confirmed by the FAO Regional Conference in 2016. In the region in 2014, FAO launched the Regional Initiative on Empowering Smallholders and Family Farms for Improved Rural Livelihood and Poverty Reduction. This Regional Initiative builds on the legacy of the International Year of Family Farming in 2014. In addition, the United Nations General Assembly, in December 2017, officially declared 2019–2028 the Decade of Family Farming, and thus the Regional Initiative will continue to provide the framework for FAO support to family farms in Europe and Central Asia.

The FAO REU Regional Initiative has two main components:

1. *Support policy development and innovative practices for increased sustainable agricultural production*
2. *Support improvement of rural livelihood and enhanced access to natural resources*

Through the first component, support is provided for the development of competitive and commercial smallholders and family farms. There is a need to increase the capacities of women and men farmers in terms of sustainable agricultural production using pilot projects, farmer field schools and strengthened extension services. In this context, FAO supports policy development and practices in line with the Sustainable Food and Agriculture principle,³ such as efficient use and management of natural resources and adaptation and resilience to climate change. More specifically, FAO intends to focus on the promotion of good agricultural practices in the region, such as integrated pest management, organic agricultural techniques, conservation of plant genetic resources, and proactive drought risk management. In addition,

³ Building a common vision for sustainable food and agriculture <http://www.fao.org/3/a-i3940e.pdf>

work will be done on modern irrigation systems, sustainable forest management, and fish production, including the improvement of fish seed and a focus on supporting smallholders.

Another main challenge of the Regional Initiative (RI) is to ensure inclusive growth through improved rural livelihoods. This is supported through the second component of the RI. There is a need, both at policy and community level, to ensure that disadvantaged and vulnerable groups also benefit from economic growth and to accelerate gender equality and rural women's economic empowerment. In this context, under the programmatic approach of the RI, FAO supports multi-sectoral rural development policies, integrated community development, improved access to value chains, and the implementation of the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT),⁴ including addressing structural problems with land fragmentation and small farm sizes through land consolidation instruments, statistics, decent rural employment and social protection.

As part of the preparation of the workplan for the Regional Initiative for 2018/19, the RI has been re-focused to ensure a strong and increased contribution to the implementation of the 2030 Agenda and to achieving the Sustainable Development Goals (SDGs). The Regional Initiative will contribute to SDG 2 on zero hunger, particularly to SDG target 2.3 on doubling the agricultural productivity and income of small-scale food producers. Furthermore, the RI contributes to SDG 1 on ending poverty (target 1.4 on ensuring equal rights to land and other natural resources and target SDG 1.b on pro-poor and gender-sensitive development strategies), to SDG 4 on ensuring inclusive and equitable quality education (especially target 4.3), to SDG 5 on promoting gender equality (target 5.a to undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, and target 5.b to enhance the use of enabling technology to promote the empowerment of women). The RI also contributes to SDG 8 on the promotion of sustainable and inclusive economic growth (target 8.2 on achieving higher levels of economic productivity through diversification and target 8.3 to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and that encourage the formalization and growth of micro, small and medium-sized enterprises) and to SDG 10 on reducing inequality within and among countries (target 10.2 to empower and promote the social, economic and political inclusion of all and target 10.4 to adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality).

1.2 Background and objectives of the present country study

The background for conducting country studies on the challenges, needs and constraints of smallholders and family farms in the seven countries has been a wish to further strengthen the Regional Initiative and develop the initiative towards a stronger programmatic approach at both the regional and country levels. To

⁴ <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>

provide support to smallholders and family farms, there has been a need to develop a better understanding and knowledge platform of the main challenges, needs and constraints of smallholders and family farms in the specific country context. Even though many of the challenges are the same throughout the region, there are still significant variations among the countries; it is important to recognize and understand these variations when designing support to smallholders and family farms in each specific country.

FAO has during 2017–18 conducted country studies on the needs and constraints of smallholders and family farms in seven countries of the region as part of a regional project (TCP/RER/3601). The countries included are those that have been the focus countries of the Regional Initiative during 2014–17; these are Albania, Armenia, Georgia, Kyrgyzstan, the Republic of Moldova, North Macedonia, and Tajikistan.

It has been the objective of the country studies first to analyze the development trend and current state of smallholders and family farms in the specific country, second to study the current political priorities and policies affecting smallholders and family farms, and finally, based on the conclusions made, to provide recommendations, mainly at the policy level, on how to further support the development of commercial family farms and at the same time ensure in general inclusive growth, improved rural livelihood for women and men and the reduction of rural poverty. It is hoped that each country study will not only be relevant for FAO but also for governments, donors and other international organizations when formulating policy and preparing programmes. Furthermore, it is the intention that the recommendations from each study will feed directly into the formulation of the Country Programming Framework (CPF), the multi-annual cooperation agreement between FAO and each country.

Furthermore, the seven country studies contribute to raising awareness on the needs and constraints of smallholders and family farms while also promoting support for smallholders and family farms provided by FAO under the programmatic umbrella of the Regional Initiative among government institutions, civil society organizations and other stakeholders at the country level, along with donors and international organizations. In this way, it is hoped that the studies will lead to the establishment of enhanced partnerships and the mobilization of resources to further scale up support to smallholders and family farms.

It is as mentioned a global observation that smallholders and family farms face needs, constraints and challenges, limiting their development and reducing their potentials, and that current policies only to a limited extent provide an appropriate support to their development.

Based on this global observation, it is the objective of the country studies to verify the observations through answers to the following research questions:

1. *What are the trends in and the current role and weight of smallholders and family farms in economic, social and environmental development in the covered countries?*
2. *What are the main needs, constraints and challenges for the realization of the economic, social and environmental development potential of smallholders and family farms?*
3. *Which current administrative procedures, institutional settings and policy interventions support and/or prevent the development of smallholders and family farms?*
4. *Which future administrative procedures, institutional settings and policy interventions can be developed and recommended to strengthen the role of smallholders and family farms in economic, social and environmental development and in the transformational change process?*

The research questions are answered following a common overall methodology presented in Section 2.



2. Methodology



2.1 Overall methodological principles of the country study on smallholders and family farms

The methodology summarized below is common for all seven country studies, while the country-specific approach is presented in Section 2.2.

The research methodology combines desk research, interviews with key stakeholders and the use of case studies.

The desk/secondary data collection and analysis took place mainly during spring 2017, whereas field interviews and writing continued through the summer of 2017. Thus, the report mainly reflects developments as of that timeline. During the revision of the report, updates with more recent information on social issues, gender equality and social protection were added during 2018.

DESK RESEARCH:

The desk research covers an assessment of available policy documents, research papers, reports, studies, etc. from public authorities, academia and international donors and organizations. Furthermore, the desk research covers official statistics from public sources supplemented with poverty and living conditions surveys and data/statistics from academia, donor organizations and other contributors. The desk research contributes to answering all main research questions.

INTERVIEWS:

Interviews were accomplished with the aim of contributing data and information in answer to the four research questions listed above. They contributed by filling in data gaps identified during the desk research. Interviews were conducted with selected resource persons representing key stakeholders.

The interviews targeted different stakeholders and were streamlined to the individual interviewee or group of interviewees, depending on the findings from the desk research phase.

An interview template was prepared and used by the national experts/consultants when interviewing national stakeholders and resource persons. The template includes the themes covered by the project.

Two rounds of interviews were accomplished. The national expert/consultant accomplished the primary round of interviews of national stakeholders and resource persons. The interview template was targeted to the expertise of the person being interviewed. The national expert/consultant made additional (second phase) interviews during the final stage of writing the report to address gaps that emerged during the analysis of the primary and secondary data.

CASE STUDIES:

Case studies were used to illustrate or demonstrate various topics. Case studies of policy interventions, for example, were used to demonstrate the results and impacts of these interventions. Based on the documentation and information gathered from these interventions – which could be in the form of investment support schemes, for example, or training of farmers accomplished by advisory services – recommendations were formulated to existing or to new policies. These good policy examples are useful not only for the country in question but also for other countries facing similar challenges.

The case studies also include studies of needs, challenges and constraints identified through stakeholder interviews and where the case studies exemplify or illustrate certain topics. The case studies were prepared at the family, village or municipality level, depending on the selected topic and in order to ensure diversity.

Furthermore, case studies also include examples of administrative procedures and/or institutional settings that prevent or support the development of smallholders and family farms. These cases are also identified through stakeholder interviews.

WORKSHOPS:

Two workshops have been organized in each country.

One introductory workshop, accomplished right at the beginning of the working process, had the objective to clarify and define:

- a. the definition of smallholders and family farms;
- b. the current situation and the state of play of smallholders and family farms;
- c. the analysis of problems regarding needs, constraints and challenges for smallholders and family farms;
- d. the analysis of policy, identifying and targeting administrative procedures, institutional settings and policy solutions to the identified needs, constraints and challenges; and
- e. the comparative advantage of FAO vis-à-vis the donor community in providing solutions to the identified needs, constraints and challenges.

The second workshop was a validation workshop, where the preliminary findings, conclusions and recommendations were presented to the stakeholders who participated in the first country workshop as well as new stakeholders identified through the working process. The objective was to validate the analysis and to establish a common understanding about conclusions and recommendations. The workshop took place at the end of the process but before finalization of the study so that requests for adjustments from the workshop could be taken aboard.

A Synthesis Report was prepared based on the seven country reports, and a regional validation workshop was organized in Budapest in March 2018 for purpose of discussing and validating the Synthesis Report and further enhancing the support to smallholders and family farms in Europe and Central Asia through the Regional Initiative.

2.2 Specific approach taken in Albania

The current study on smallholders and family farms in Albania combines analysis of primary and secondary data. The primary data collection consists of semi-structured, in-depth interviews carried out with various stakeholders: farmers, traders, processors, representatives of associations and experts. The list of interviewees was balanced in terms of profile, representing different nodes of the value chain and sectors. Most interviews were accomplished using an interview guideline prepared by the international consultants and the FAO team. The interview guideline is inserted as Annex 1. A total of 31 persons were interviewed, of which only two were women. In order to address this gap, interviews with stakeholders conducted for this study were complemented with the results of the field research and analysis conducted for other FAO assessments relevant for the realities of smallholders and family farms, namely:

1. the FAO 2016 report *Gender, agriculture and rural development in Albania*;
2. the FAO 2018 report *Market and value chain analysis of selected sectors for diversification of the rural economy and women's economic empowerment*;
3. the FAO 2018 working paper on the assessment of social protection systems relevant for family farms and rural households in the Western Balkans, named: *Social protection in rural areas. Is time for "rural mainstreaming"?*; and
4. The 2010 analysis of the relationship between migration and family farms conducted by staff from FAO, the World Bank and the New York University in Tirana, named *The vanishing farms? The impact of international migration on Albanian family farming*.

For various issues/indicators, the analysis was based on secondary data (including macroeconomic and structural data). A major constraint faced in this study report is that for some indicators there are no available statistics, while for some others there are no recent statistics. For more details, see further explanations provided in various sections of the report. As of the time this report was written (first draft elaborated during spring 2017), results of the latest agriculture census (2012) have not been made public by the Institute of Statistics of Albania (INSTAT) or used for statistical purposes by the Ministry of Agriculture, Rural Development and Water Administration (MARD(WA))⁵ (census data could form a basis for the creation of a farm register and for carrying out surveys by INSTAT/MARD). During 2013–2014, the availability and reliability of data deteriorated.

Until 2012, the main source of agriculture statistics consisted of the surveys, which were carried out regularly (different types of surveys every year). From 2013 to today, only few key data were collected administratively from the regional directories of MARDWA and made available to INSTAT. In 2012, after the Census of Agriculture Holdings, a decision of the Council of Ministers delegated the collection and processing of agricultural statistics from MAFCP/MARDWA to INSTAT. In 2015, another government decision transferred the function of the primary data collection service back to MARDWA, under the methodological supervision of INSTAT. The institutional changes hampered efforts to improve agricultural statistics and harmonize them with European Union requirements.

⁵ The full name of the Ministry of Agriculture was the Ministry of Agriculture, Food and Consumer Protection (MAFCP) until 2013. In 2013, following institutional changes, it was named the Ministry of Agriculture, Rural Development and Water Administration (MARDWA), while as of late 2017 it is named the Ministry of Agriculture and Rural Development (MARD).

Also since 2012, the Market Information System was closed within the Ministry of Agriculture (MAFCP/MARDWA). Thus, Albania no longer has a Market Information System related to the agriculture sector. Regarding the Farm Data Accountancy Network (FADN), no substantial steps have been taken to introduce this system, which is both a requirement by the European Commission before accession to the European Union and an important tool for analysing policy impacts and farm typology. These concerns are also presented in the EU progress report of 2014 (EC, 2014). Lack of updated statistics hampers the process of evidence-based policy making and analytical work, which was also the case in preparing the present analytical report on smallholders and family farms.

Another factor affecting data availability is informality characterizing the agriculture sector. Lack of formalization in terms of payment of taxes and Value Added Tax, fulfilling national minimum standards for production and placement of products on the market, etc., make it difficult to understand or collect information about sector development, according to interviewed experts. Additionally, the farm register, which could have been a rich source of information and data, has not been completed yet, as mentioned above.

Despite the limitation of availability of data, statistics reported for 2012 can be used as indicative references, considering that agriculture restructuring and farm consolidation have been slow for a number of reasons (e.g. dysfunctional land market and other issues analyzed in the report).

3. Development trend and current state of smallholders and family farms in Albania



3.1 Definition of ‘smallholder’ and ‘family farm’ in the national context

FAMILY FARM⁶

According to the latest Census of Agricultural Holdings from 2012, 98.2 percent of the agricultural holdings/farms⁷ in Albania are family holdings⁸ (of which only about 6.5 percent are headed by women (MARDWA, 2014)). Thus, by far, most agriculture output comes from family farms. Therefore, in this report, various indicators are analyzed for the whole primary agriculture sector as such because on one hand, it was not possible to obtain data broken down by category of farm (e.g. family farms versus others), but also on the other hand, given that more than 98 percent of the agriculture holdings are family farms throughout the whole territory of Albania, it is acceptable not to draw a line in statistical analysis between this group of farms and the total farm population. No sex-disaggregated data is available on farm managers in these indicators.

SMALL HOLDING (FARM)

According to interviews with senior MARD experts, there is no definition of small farms used to classify farms by size and distinguish small farms from other size groups of farms for policy-making.

According to one area-based classification used by INSTAT⁹ and MARD for statistical purposes, large farms are those:

- that are at least 10 ha in size, in the case of agriculture farms; or
- with at least eight heads of cattle; or
- with at least 150 head of small ruminants (sheep and/or goats).

In the case of livestock, according to Law 9426 “on livestock breeding,” dated 6 October 2005, cattle farms are classified as below:

- large agricultural farms that breed more than 50 dairy cows on a daily basis;

⁶ Family farming is a means of organizing agricultural, forestry, fisheries, pastoral and aquaculture production that is managed and operated by a family and predominantly reliant on family labour, including from both women and men. This is a definition commonly used by FAO and relevant for Albania.

⁷ Law No. 10 201 “On the general census of agriculture holdings,” dated 17 December 2009, stipulates that an “agricultural holding” is a single technical or economic unit that is run by a single person or group of persons for the realization of agricultural activities within the territory of the Republic of Albania. The census included and defined as “agriculture holding” any economic unit that has at least 200 sq. m. of agricultural land in use (owned, rented or given in use without rent). However, in the case of agriculture surveys carried out by the Ministry of Agriculture in the past (until 2012), the term “farm” was used. No definition was provided in the agriculture annual books that published the results of such surveys.

⁸ Note: The terms “agriculture holding” and “farm” are often used as synonyms in Albania and elsewhere, including in the European Union. See, for example, http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Agricultural_holding. Therefore, we have used these terms as synonyms in this report.

⁹ Source: Interview with Alban Cela, director of Agriculture Statistics, INSTAT.

Smallholders and family farms in Albania

- medium farms that breed 10 to 50 cattle; and
- small farms that breed fewer than 10 cattle.

While it is unclear how these thresholds were constructed, in the case of livestock, the size converges with estimates related to economically viable farms (see Section 3.2, which provides insight into economically viable farms in Albania). On the other hand, it is possible to make comparative analysis only if farm size is expressed in terms of hectare equivalent. For example, it is expected that a dairy cattle farm should have more than 0.6 ha per cow (to produce most of the animal feed on farm). In this case, the farm should be about 5 ha to correspond to eight cattle.¹⁰

According to the latest available statistics from Ministry of Agriculture (MAFCP, 2012), only a small share of farms can be considered large in the context of the above definitions. For example, in the case of livestock, according to the last agriculture census data, 3 percent of farms had more than 5 cows, and 1 percent had more than 10 cows.

According to the area-based farm-size classification (see above), there were 3 918 farms that could be considered large (more than 10 ha) during 2012, roughly 1 percent of the total farms.

Another classification is suggested based on the structural analysis, which is shown in Section 3.2. According to this classification, small farms with up to 2 ha make up 86 percent of the farm population, while the rest (14 percent) have more than 2 ha.

The suggested classification is:

- Small and very small farms have up to 2 ha.¹¹
- Large farms are those above 2 ha in size, and very large farms are those with 10 ha or more.¹²

¹⁰ According to the interviewed expert Sabah Sena, it is viable to engage with cattle production only if the farmer owns or rents land to produce fodder. Relying only on imported/bought animal fodder results in high costs, considering the high prices compared to other countries.

¹¹ Interestingly, according to the World Bank Rural Development Strategy (2003), smallholdings are those farms “with a low asset base and operating in less than 2 hectares of cropland.” This definition from the World Bank is not related to Albania specifically; however, it is relevant.

¹² A relevant classification of “small-scale food producers” that may be seen presented in the future when reporting on the Sustainable Development Goals (SDGs) is the one developed by FAO aimed to be used globally by all countries when monitoring the SDG indicators 2.3.1 on the “production per labour unit of small-scale food producers” and 2.3.2 on the “average income of small-scale producers.” FAO proposes to define small-scale producers based on physical and economic size as producers who:

- ^{Operate} an amount of land falling in the first two quintiles (the bottom 40 percent) of the cumulative distribution of land size at national level (measured in hectares); and
- ^{Operate} a number of livestock falling in the first two quintiles (the bottom 40 percent) of the cumulative distribution of the number of livestock per production unit at national level (measures in Tropical Livestock Units – TLUs); and
- ^{Obtain} an annual economic revenue from agricultural activities falling in the first two quintiles (the bottom 40 percent) of the cumulative distribution of economic revenues from agricultural activities per production unit at national level (measured in Purchasing Power Parity Dollars).

3.2 Structural and qualitative analysis of the sector

3.2.1 Development of the importance of smallholders and family farms in the economy in the period 2005–2015

CONTRIBUTION TO THE ECONOMY, INCLUDING GVA AND EMPLOYMENT

The statistics are not reported specifically by category of farms (for example by family or small farms or by the sex of the head of the farm) in terms of their contribution to the economy. However, since most farms contributing to the sector are small and family farms (as shown in Section 3.1), we analyze the agriculture sector as a whole in this section.

The Albanian agriculture and agrifood sector has been growing over the past ten years at a pace similar to the rest of the economy, contributing more than one-fifth of the GDP. The agriculture gross value added (GVA) has increased by two-thirds since 2005, reaching about EUR 2.15 billion in 2016.

This can be considered a remarkable achievement when compared to the GVA of EUR 1.22 billion in 2005 (Table 1: Gross value added of the agriculture, forestry, hunting and fishery sector in Albania). While contribution to the GDP keeps exceeding 20 percent, in the other Western Balkan countries, contribution to GDP has been decreasing over the past few years and is about 10 percent on average (Volk *et al.*, 2017).

However, there are concerns about the reliability of data. According to World Bank statistics,¹³ the Albanian agricultural GVA seems to be comparable to relatively advanced countries. For example, the Albanian agricultural GVA exceeds by far that of Bulgaria and Croatia during 2015, although those two countries are considered relatively strong agriculture producers in the region. Thus, caution should be employed when data related to the sector are analyzed. However, despite this concern, official statistics still provide a good overview regarding trends. Thus, even in case of overestimated absolute values of GVA, the development trends are indicative for sector dynamics when comparing the relative development of the sector over the years.

Table 1. Gross value added of the agriculture, forestry, hunting and fishery sector in Albania

Indicator	2005	2010	2013	2014	2015	2016
GVA at current prices (millions EUR)	1 218.8	1 616.5	1 884.0	1 990.9	2 004.3	2 152.9
Share in GVA of all activities (percent)	20.5	21.2	22.2	22.7	21.6	22.9

SOURCE: INSTAT FOR 2005–2015 AND MINISTRY OF FINANCE AND ECONOMY FOR 2016, 2017.

The sector has become more efficient in the last decade, as shown by the increasing GVA (in current

¹³ <http://data.worldbank.org/indicator/NV.AGR.TOTL.CD>, last accessed on 12 May 2017.

EUR values) compared to the number of farms and on-farm employment. In fact, while employment in the agriculture sector has decreased over the past 10 years, GVA has increased significantly. Farms have become more productive and profitable, and labour productivity measured as GVA per full-time employee has doubled since 2005 (Table 2: Key macro-level indicators related to agriculture sector).

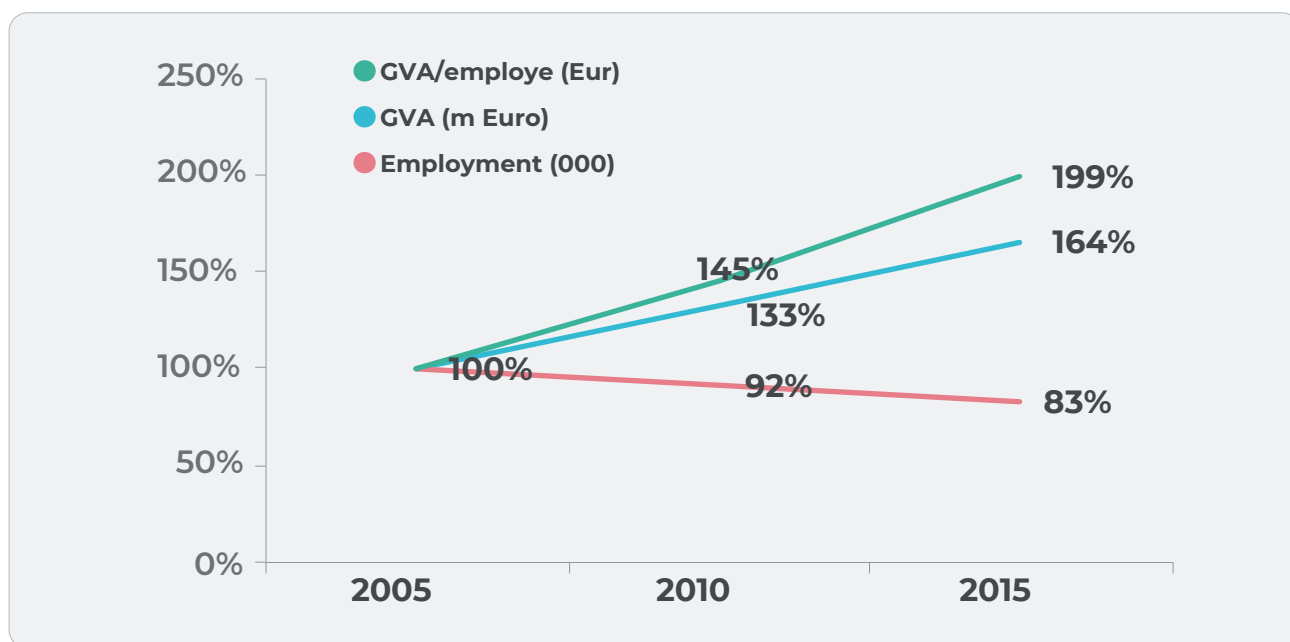
Table 2. Key macro-level indicators related to agriculture sector

Indicator	2005	2010	2015	2016
GVA (millions EUR)	1 218.8	1 616.5	2 004.3	2 152.9
Number of employees (thousands)	542	496	448	466
GVA/full-time employee (thousands EUR)	2.2	3.3	4.5	4.6

SOURCE: INSTAT, 2017.

To provide a visible impression of agriculture performance, Figure 1. Dynamics of key macro-level indicators related to agriculture sector (Indexes = 100% for the reference year 2005) below shows the growth of agriculture GVA in the past decade, along with a small reduction in the number of agriculture holdings (Figure 5) and a reduction of employment in the period 2005–2015. While outmigration has been a strategy of family farmers to move out from agriculture, and remittances rarely have been used to increase investments in this sector, the increase of productivity is associated with increased levels of investments of those most successful farmers partially stimulated by governmental and donor support. We will come back to this later when we analyze the policies in Section 4.

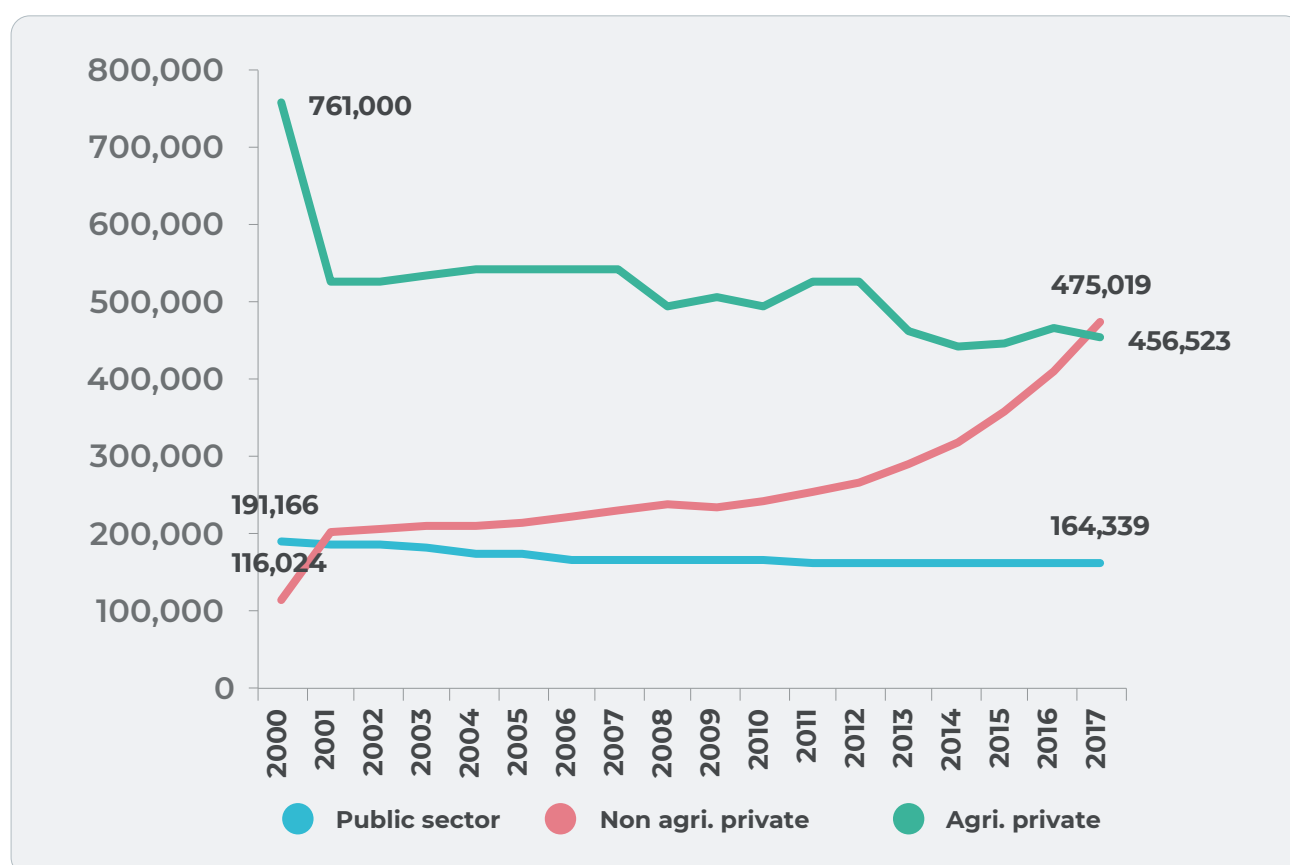
Figure 1. Dynamics of key macro-level indicators related to agriculture sector (Indexes = 100% for the reference year 2005)



SOURCE: AUTHOR BASED ON INSTAT DATABASES, 2017.

Agriculture also remains one of the largest sectors in Albania in terms of employment. Agriculture accounts for about half of total employment of both women and men. It is the main source of employment and income in rural areas despite the limitations the sector faces.

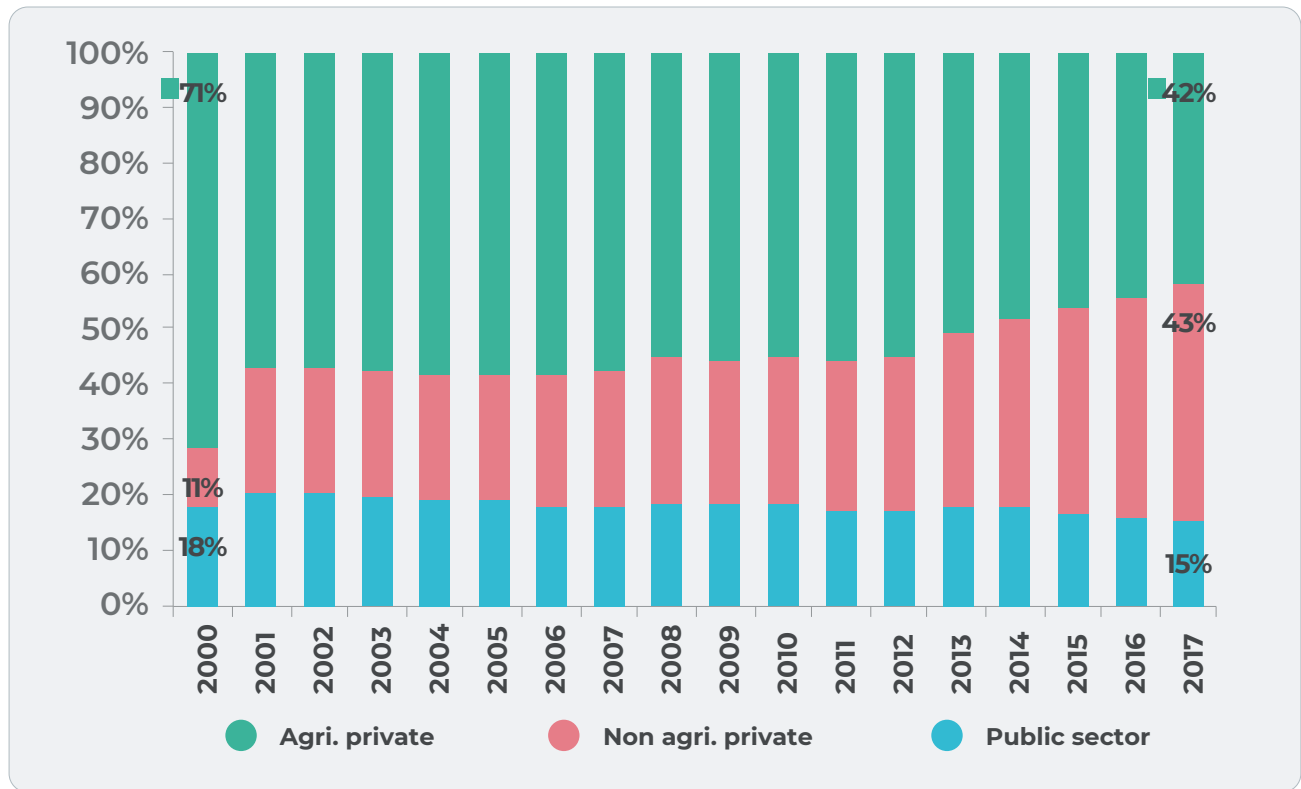
Figure 2. Employment by sector and year



SOURCE: INSTAT, 2018.

In terms of structural employment comparison, in 2000, 71 percent of the employed people were reported to be employed in the agriculture, 11 percent in non-agriculture private sector and 21 percent in the public sector. Whereas in 2017, the respective weight was 42 percent, 43 percent and 15 percent (In terms of structural employment comparison, in 2000, 71 percent of the employed people were reported to be employed in the agriculture, 11 percent in non-agriculture private sector and 21 percent in the public sector. Whereas in 2017, the respective weight was 42 percent, 43 percent and 15 percent (Figure 3).).

Figure 3. Structure of employment by sector and year (percentage)



SOURCE: INSTAT, 2018.

Table 3. Albania: on-farm employment (number of days per year), 2012

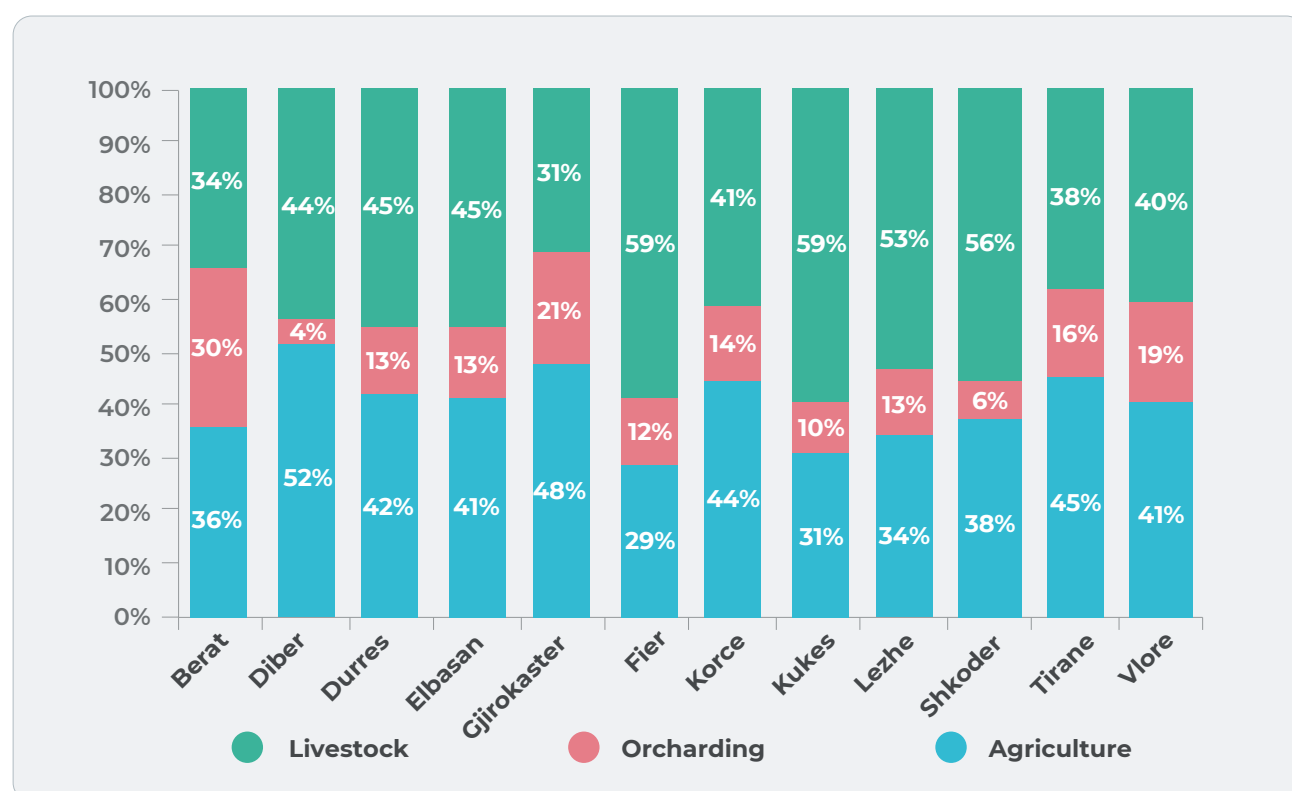
Prefecture ¹⁴ (qark)	Agriculture	Orchards	Livestock	Total
Berat	110	90	105	305
Dibër	244	21	206	471
Durrës	186	57	200	443
Elbasan	242	77	266	586
Fier	149	66	97	312
Gjirokastër	101	43	207	350
Korçë	180	58	166	405
Kukës	133	43	255	431
Lezhë	96	36	150	281
Shkodër	99	17	146	263
Tiranë	256	92	215	563
Vlorë	194	90	192	476
Average	170	60	173	403

¹⁴ The administrative divisions of Albania consist of two main levels: counties (*qark/prefekturë* in Albanian, but that has been often translated as county or region, the latter being used more often in this report) and municipalities (Albanian: *bashki*). The territory of Albania is currently subdivided into a total of 12 counties and 61 municipalities.

The number of on-farm working days per household varies significantly by region. The regions with the highest number of on-farm working days per household are those of Elbasan and Tirana, while the region with the lowest is that of Shkodër (Table 3: Albania: on-farm employment (number of days per year), 2012). Regional differences are related to differences in sectoral patterns of production and to alternative employment opportunities analyzed later in this section.

Livestock is a dominant sector in terms of employment for the *qarks* of Kukës, Lezhë and Shkodër in the north and Gjirokastër in the south. More than half of the number of days spent on farm activities are allocated to livestock activities.

Figure 4. Distribution of employment by main sectors (livestock vs. orchards vs. other general agriculture activities).



SOURCE: MAFCP ANNUAL STATISTICS, 2012.

The average employment on-farm and off-farm varies significantly by region (*qark*). For example, off-farm employment is very low in rural areas in Elbasan, whereas it is quite high in the region of Durrës, which has developed various economic sectors, including tourism. Assuming that full-time work for one person (the full-time equivalent) would be 225 days/year, only in Durrës and Tirana (the most developed regions of Albania) are average rural households fully employed (Table 4: On-farm and outside employment and annual work days on- and off-farm per household and per household member, total). In other regions, there is significant underemployment, most notably in Shkodër (42-percent full-time equivalent). This estimate is low also for the regions of Berat, Fier and Lezhë.

Table 4. On-farm and outside employment and annual work days on- and off-farm per household and per household member, total

Qark / Prefecture	On farm per HH ¹⁵	Outside farm per HH	On farm per HH ¹⁶ member	Outside farm per HH member	Total per HH member	Full-time equivalent (225 work days/year)
Berat	305	107	86	30	117	52%
Dibër	471	80	139	24	162	72%
Durrës	443	403	133	121	253	113%
Elbasan	586	33	154	9	163	73%
Fier	312	140	93	42	134	60%
Gjirokastër	350	247	109	77	185	82%
Korçë	405	98	141	34	175	78%
Kukës	431	179	117	49	166	74%
Lezhë	281	177	83	53	136	60%
Shkodër	263	50	80	15	95	42%
Tiranë	563	249	172	76	248	110%
Vlorë	476	114	154	37	190	85%
Average	403	149	122	45	167	74%

SOURCE: AUTHORS' CALCULATIONS BASED ON MAFCP ANNUAL STATISTICS, 2012.

Considering that about 465 000 people were employed in the agriculture sector, and assuming that they utilize, on average, only three-fourths of the labour capacities (thus leaving one-quarter not utilized), it can be concluded that the hidden unemployment in agriculture could be around 115 000 full-time equivalents.

Key agriculture development trends by subsector

As can be noted below, official statistics report overall stable trends in land use since 2005 for sown agriculture area, other cultivable agriculture land, and pastures. All these categories have increased from their numbers in 2005.

Table 5. Land use (thousands of hectares)

	2005	2010	2011	2012	2013	2014	2015
Total	1 120	1 201	1 201	1 201	1 201	1 201	1 201
- Sown area	400	404	409	410	413	409	413
- Other cultivable ag. land	297	292	287	286	297	314	310
- Pastures	423	505	505	505	491	478	478

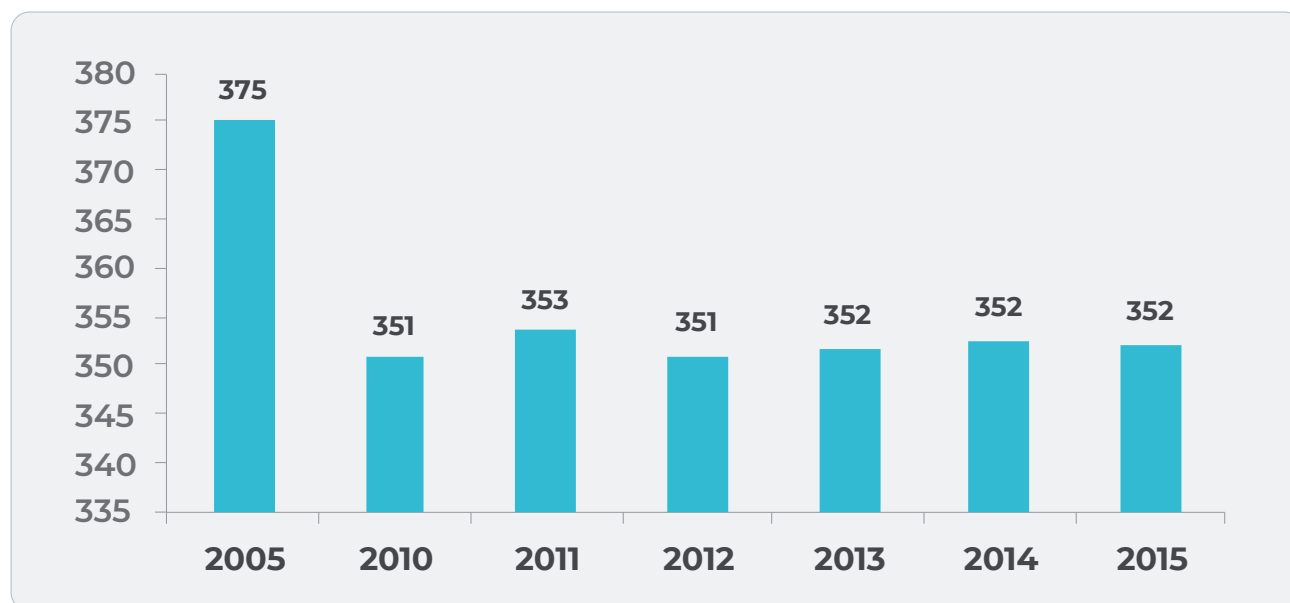
SOURCE: INSTAT, 2017.

¹⁵ Note that in most cases, on-farm work is not explicitly paid. However, it is "rewarded" through the gross margin earned by the farm household.

¹⁶ For these calculations, we consider only those household members between the ages of 16 and 65.

The number of agriculture holdings(farms) has decreased by 6 percent since 2005, from 375 000 to 352 000. Internal migration (from rural to urban areas) and emigration have contributed to the significant decrease in the population (number of households) living in rural areas, thereby also contributing to the decrease in the number of agriculture holdings.

Figure 5. Number of agriculture holdings by year (thousands)



SOURCE: INSTAT, 2017.

Livestock production accounts for the largest part (about half) of the agrifood production in terms of output value and added value.¹⁷

Table 6. Share of crop and livestock output in total Agricultural Goods Output

Category	2005	2010	2011	2012
Crops (percent)	40.7	47.7	48.2	48.5
Livestock (percent)	59.3	52.3	51.8	51.5

SOURCE: INSTAT AND MAFCP

Since the early 2000s, there has been an increase in the production of meat and milk (and dairy products). While the number of cattle and small ruminants was decreasing, the production of both milk and meat has increased, confirming an improvement in yields (efficiency), triggered by investments in breeds and management. The latter is typical for the growing number of larger farms (for example, see Section 3.2). In the past, the emergence of larger farms has been related to small farms becoming larger over the years and/or to returning migrants who come back with financial resources and know-how. However, recently, we also observe a growing trend of investment in the agriculture sector from firms operating in other sectors, as part of a diversification strategy. One important example is Balfin Group, one of the largest in Albania and the Western Balkans, which has invested in a large greenhouse

¹⁷ As mentioned above, since 2012, data availability and thereby calculations of various indicators have been constrained by a lack of field survey data collection from MARD and INSTAT.

farm. There is a lack of statistical data to document this trend; however, despite the large size of such investments, the number of such large investments is low compared to the farm population.

In the case of poultry, broiler production increased fourfold over the period, as compared with a 79-percent increase in the number of head (Table 7: Evolution in livestock number: 2000 to 2015 (thousands of head)).

Overall, meat and dairy production is destined for domestic markets, and thus the production increase is mainly triggered by an increase in domestic demand (which is a natural result of the rapid increase of income during the transition).

Table 7. Evolution in livestock number: 2000 to 2015 (thousands of head)

Category	2000	2005	2010	2014	2015
Cattle	728	655	493	500	504.2
Sheep & goats	3 045	2 701	2 581	2 804	2 850
Pigs	103	147	164	172	171.4
Poultry	5 291	6 432	8 437	9 493	8 558

SOURCE: INSTAT

Table 8. Evolution of meat and milk production: 2000 to 2015 (tonnes)

Category	2000	2005	2010	2014	2015	2000	2005	2010	2014	2015
	Meat					Milk				
Cattle	62	68	68	70.5	71	807	930	930	965	964
Sheep & goats	37	41	44	49	53	141	146	140	168	167
Pigs	10	15	16	17.5	17	--	--	--	--	--
Poultry	4	9	17	17.5	17	--	--	--	--	--
Total	113	133	145	154.5	158	948	1 076	1 070	1 133	1 131

SOURCE: INSTAT

Regarding beekeeping production, as documented in an FAO study (2018), the sector has developed rapidly during the last few years: Honey production has increased, large processors are investing in technologies, and supermarkets are demanding a wide variety of products. Small-scale producers (with 5 to 20 beehives) use short supply chains and use informal channels of communication to sell their products. Unlike large processors, such as Morava Ltd., small producers have limited access to capital and lack modern equipment for the transportation, harvesting, processing, packing and storing of beehive products. Still, beekeeping production (together with MAPs and gastronomic production) was identified by this FAO study as the most promising sector for income diversification of smallholders and for the empowerment of women, especially when linked to agro-tourism.

There has been an improved performance of the vegetable sector as well, especially in greenhouse vegetables. The surface area of greenhouses has almost doubled since 2005 (Table 9: Evolution of vegetable production: 2000 to 2015 (tonnes)). The increase of greenhouse area, coupled with improved production technologies, has resulted in a significant increase in production, enabling a surplus for the key vegetables produced in greenhouses (most notably, tomatoes).

Table 9. Evolution of vegetable production: 2000 to 2015 (tonnes)

Description	2000	2005	2010	2014	2015
Cultivated surface (thousands of ha)	33	33	31	30	37
Protected crops surface (ha)	462	650	828	1 085	1 243
Production of vegetables (thousands of tonnes)	620	685	860	950	1 030
Of which: greenhouse vegetables	39	59	66	93	108
Surface with potatoes total (thousands of ha)	11.4	10.1	9	9.6	10.1
Production of potatoes (thousands of tonnes)	161	169	208	240	245
Surface with beans total (thousands of ha)	23	16	14	15	15.1
Production of beans (thousands of tonnes)	25	24	24	30	28.5

SOURCE: INSTAT (2017)

There also has been improvement in the fruits sector. Production has doubled since 2005 because of both higher yields caused by improved production technologies and increased area under plantations. That has enabled an improvement of the trade balance through a reduction of imports and an increase of exports, such as in the case of apple and citrus fruits.

Table 10. Fruits production and area under cultivation (excluding watermelons)

Fruit trees	2000	2005	2010	2015
Total (thousands of trees)	5 573	7 120	10 190	12 405
In production (thousands of trees)	4 179	5 370	7 439	10 185
Yield (kg/tree)	15,5	17,2	22,6	23,6
Production (thousands of tonnes)	64.9	90	167.8	245

SOURCE: INSTAT/MARD, 2017.

The sector with best performance (except for medical and aromatic plants, or MAPs) in terms of trade is that of vegetables. In the vegetable sector, a significant increase of exports is observed, from almost non-existent in early 2000 to significant levels in recent years. The increased levels of production and the extension of the production calendar (e.g. through increased greenhouse production) and storage capacities have also contributed towards the decrease in imports (import substitution).

Table 11. Vegetables supply balance (tonnes)

Category	2000	2005	2010	2014
Production	806 200	877 800	1 092 400	1 220 000
Exports	1 304	11 564	34 439	71 937
Imports	35 427	41 034	47 426	33 949
Domestic supply	840 323	907 270	1 105 387	1 182 012
Import/supply	4.22%	4.52%	4.29%	2.87%

SOURCE: INSTAT (PRODUCTION) AND UNSTAT (TRADE).

Exports/international trade of vegetables is analyzed in more details in in the section on International trade trends on international trade.

FISHERIES

Albanian inland aquaculture includes production of carp fingerlings, trout species of different age groups and mussels. Fisheries are also a type of extensive or even semi-intensive pond aquaculture. Carp is one of the main fish cultivated in Albania, used to support culture-based fisheries of suitable inland waters. Before transition, there were six specialized carp hatcheries, with a total pond surface area of 815 ha; at present, there are four active carp hatcheries with a total pond area of about 28 ha. Regarding trout, there are 58 farms (producing trout culture in tanks). In addition, there are 51 mussel pools (Cobani *et al.*, 2013; FAO, 2013). While there are no economic data about turnover for all these farms, they tend to have a strong market orientation different from most small subsistence or semi-subsistence (horticulture or livestock) farms while, on the other hand, the number of operators is far too small when compared to the Albanian farm population.

International trade trends

Increased incomes among the Albanian population in general have triggered increased consumption, which has been addressed by higher domestic production and increased imports. Domestic demand and consumption have grown faster than domestic production in most sub-sectors, resulting in an increasingly high trade deficit during the 1990s and 2000s. The trade deficit expanded until 2010, but the situation has improved during recent years. Over the past few years, domestic production has met the domestic demand to a large extent, while exports have increased substantially. The increased output and productivity of Albanian agriculture has succeeded in stabilizing (in absolute terms) the trade deficit, while there have been significant market improvements achieved in relative terms, as export flows have started to compensate for a larger share of imports. Even though the export/import cover ratio has doubled (from 11 percent in 2005 to 22 percent in 2015 and 25 percent in 2016) during recent years, it still remains low (Table 12).

Table 12. Trade in food and agricultural products

Category	Units	2005	2010	2015	2016
Export of agrifood products	millions EUR	43.3	68.7	150.8	184.5
- share in export of all products	percentage	8.2	5.9	8.7	10.4
Import of agrifood products	millions EUR	370.4	632.5	693.4	730.6
- share in import of all products	percentage	17.6	18.2	17.8	17.3
Trade balance in agrifood products	millions EUR	-327.1	-563.8	-542.6	-546.1
Export/Import cover ratio	percentage	11.7	10.9	21.7	25.2

SOURCE: INSTAT, 2017.

Albania is increasingly integrated into regional and international markets, as shown by increasing import and export flows. International trade performance varies by sector. Some important results have been achieved, as in the case of fresh vegetables, where trade deficits have been turned into trade surpluses.

After a prolonged period of slow growth in output and productivity, in which the output increase kept the pace of increasing domestic demand, fresh fruit and vegetables production and productivity started to grow faster since the late 2000s due to increased investments in production (e.g. cultivation, partially triggered by subsidy schemes, analyzed in Section 4) and post-harvesting facilities and increased professionalism and networking of wholesale traders, including Albanian ones. The sector with greatest export potential is fresh fruits and vegetables (described in more details below), in addition to export-oriented medicinal and aromatic plants (MAPs) which we will describe again later in this report (in Box 18).

Vegetables make up 21 percent of total agrifood exports, which marks a significant increase when compared to just less than 3 percent in 2005. This is the result of increased levels of production, the extending of the production calendar, and improved quality (e.g. through increased greenhouse production). In 2016, exports of vegetables amounted to almost EUR 40 million (almost four times higher than in 2013). A key role in the change of the trade balance is played by greenhouse vegetables, particularly fresh greenhouse tomatoes, which represent most of the trade surplus. Greenhouse production is possible most of the year without heating in Albania, with the lack of heating costs resulting in lower costs overall compared to colder producing countries.

Table 13. Albanian international trade: vegetables (Tonnes HS 7 code)

Category	2005	2010	2015	2016
Import (millions EUR)	12.8	20.0	14.4	14.4
Export (millions EUR)	1.0	3.4	29.4	38.9
Share of total agricultural import	3.5%	3.2%	2.1%	2.0%
Share of total agricultural export	2.4%	4.9%	19.5%	21.1%
Balance	8.0%	16.8%	204.0%	269.8%

SOURCE: INSTAT (2017)

Fruits make up 10 percent of total agrifood exports, which marks a significant increase (success) when compared to its share of just less than 2 percent in 2005. One important product that has marked

growth in production and has a strong export orientation is watermelon and melons (watermelon, in international trade statistics, appears under Fruit HS 08). Between 2010 and 2016, the production of melons grew from 200 000 tonnes to 241 000 tonnes. From the domestic production of watermelon, 10 percent is exported. The production of watermelon in Albania significantly exceeds that of other countries in the region, except for Turkey, which is a strong regional player. Melons and watermelon is the second most exported product category after nuts.

Table 14. Albanian international trade: fruits and nuts (HS 08)

Category	2005	2010	2011	2012	2013	2014	2015	2016
Import (millions EUR)	41.3	47.1	39.8	38.7	38.8	46.6	41.9	46.4
Export (millions EUR)	0.5	2.9	4.0	5.2	9.4	13.5	14.2	19.0
Share of total agricultural imports	11.1%	7.5%	6.1%	5.8%	5.8%	6.9%	6.0%	6.4%
Share of total agricultural exports	1.3%	4.2%	5.0%	5.6%	9.0%	11.3%	9.4%	10.3%
Balance	1.3%	6.2%	10.0%	13.3%	24.2%	28.9%	33.9%	40.9%

SOURCE: INSTAT (2017)

Analysis of farms according to size, typology and geographical distribution

According to MARD administrative statistics available during the time this report was drafted, there are about 350 000 farms in Albania, whereas according to the last agriculture census (2012), there were about 324 000 farms. This one of the few statistics that has been published from the last agriculture census to the time this report was written; all the other statistics were obtained from MAFCP surveys. For the number of farms, we can refer to the census, since by default is a superior source of information to a survey. As mentioned before, in Albania, most farms (roughly 98 percent) are family and small farms, of which around 6.5 percent are headed by women (FAO, 2016). The large number of subsistence and semi-subsistence farms has been persistent during transition. As highlighted in the methodology section (Section 2), the last yearly statistical survey for farms was carried out in 2012, and therefore the latest available detailed data based on farm surveys to which we refer date back to 2012.

As can be seen in Table 15: Albania: main farm structure data, 2012, one-fifth (20 percent) of the farms have less than 0.5 ha of land, while slightly more than one-fourth (25.6 percent) have between 0.6 ha and 1 ha. In other words, about 45 percent of the farms have up to 1 ha. About 40 percent have between 1.1 ha and 2 ha. Thus, 86 percent of the farms have up to 2 ha, while the rest (14 percent) have more than 2 ha.

Table 15. Albania: main farm structure data, 2012

Area (ha)	Number of farms	Percentage
0.1–0.5	70 195	20.00
0.6–1.0	89 661	25.55
1.1–2.0	142 084	40.49
2.1 and more	48 976	13.96
Total	350 916	100.00

SOURCE: MAFCP ANNUAL STATISTICS, 2012.

Table 16. Suggested farm size that can be considered economically viable

Scenarios	Conservative	Realistic	Optimistic
Livestock (number of head)			
Dairy cows	7	6	5
Small ruminants (sheep/goats)	120	100	90
Fruits and vegetables (ha)			
Fruits and field vegetables	1.5	1	0.7
Greenhouse	0.3	0.2	0.15

Box 1. Economically viable farms

A previous report (FAO, 2014) analyzed economically viable farm size. *The parameter adopted for the analysis is that a farm may be considered viable if it generates enough income to employ at least two persons on a full-time basis at minimum wage and to save for basic investments needs. With these assumptions, to be viable under the given parameters, a farm should generate a gross margin of at least EUR 5 000 per year, beginning during the first year of the investment.*

Based on the sensitivity analysis (Table 16), the following may be concluded:

- A farm with 1 ha of land (in the normal scenario, or 1.5 ha in the conservative scenario) has the potential to be viable if it plants any of the main fruits or field vegetables (or a combination of them).
- A farm with 0.2 ha (in the normal scenario, or 0.3 ha in the conservative scenario) of greenhouses has the potential to be viable.
- A dairy cattle farm with 6 (in the normal scenario, or 7 in the conservative scenario) cows, properly managed, has the potential to be viable assuming that the farmer owns land (0.6 ha to 1 ha per cow, depending on level of mechanization and soil quality). A beef cattle farm should be much larger to be viable, although, it appears that those few meat/beef specialized farms have been struggling even those which were rather big).
- A small ruminants farm with 100 sheep and/or goats (in the normal scenario, or 120 in the conservative scenario) has the potential to be viable.

Therefore, based on these estimates, it can be generalized that farms below 1 ha are very small and not viable, farms between 1 ha and 2 ha are somewhat viable but still can be considered small, while farms above 2 ha have a certain market potential, can be viable and can be considered not being a small farm (of course, this can vary depending on agriculture activity, soil quality, etc.).

Interviews with agriculture experts have confirmed this view. A household should have at least 1 ha of orchards in the optimistic scenario but should have 1.5 ha to 2 ha in the realistic and conservative scenarios to be viable, according to Hafuz Domi, director of the Organization of Agriculture Development in Mountainous Regions (ADAD) and an experienced agriculture expert engaged primarily within the fruit sector. Similar views were confirmed by other interviewed experts regarding other crops (e.g. field vegetables).

However, regarding cattle farms, more conservative estimates were provided in light of current production costs and market situations. According to Sabah Sena, an experienced livestock expert, well above 35 dairy cattle are needed to be competitive.

The growing competition within the country and from international trade will increase the pressure to improve efficiency and standards and lower costs and prices. The implication of this is that the minimum viable farm size will increase. We have no statistical or methodological basis to forecast, but we can assume that instead of 1.5 ha to 2 ha, a farm should be at least 3 ha or larger to be viable, in the case of field vegetables or fruits. A similar logic also would be expected for livestock.

Based on the assessment above, it can be concluded that only 14 percent of farms have significant potential to be market-oriented for field crops or livestock, assuming in the case of livestock (implying cattle) that they should be partially fed by feed produced on the farm (small ruminant feeding relies on pasture land and migration). Here, the exception would be greenhouses, since a greenhouse can be competitive even with 0.3 ha.

Table 17. Categorization of farm type and size

Area (ha)	No. of farms	Percentage	Expert categorization
0.1–1.0	159 856	45.55	Very small, subsistence/semi-subsistence
1.1–2.0	142 084	40.49	Small, limited potential to be economically viable
2.1+	48 976	13.96	Moderately large and very large, ¹⁸ significant potential to be economically viable
Total	350 916	100	

SOURCE: AUTHOR ESTIMATE BASED ON MAFCP, 2012.

According to the farm size classification (10 ha, see Section 3.1), in 2012 there were 3 918 farms that could be considered large. This was about 1 percent of the farms.

As it can be noted (see Table 18: Farm distribution according size and type, 2012), most of the farms are mixed farms. Mixing production activities is a strategy conditioned by risk diversification, limited access to market (for a number of reasons that are explained in Section 3.2.3) and in context of low (alternative) income or employment opportunities. The focus is often on producing food for feeding the household – typical subsistence or semi-subsistence farming.

¹⁸ Note: About 1.1 percent of farms, or 3 918 in total, are very large, with 10 ha or more. Thus, we can define the category of 2.1–10 ha as moderately large.

Table 18. Farm distribution according size and type, 2012

Size (ha)	Crops and Livestock	Crops without Livestock	Field Crops	Orchards	Fallow Land	Total Farms
0.1–0.5	60 317	9 878	67 852	12 677	4 988	70 195
0.6–1.0	76 646	13 015	86 710	41 324	18 011	89 661
1.1–2.0	122 565	19 519	141 368	76 932	44 415	142 084
2.1+	42 422	6 554	47 044	28 846	15 827	48 976
Total	301 950	48 966	342 974	159 778	83 241	350 916

SOURCE: MAFCP ANNUAL STATISTICS, 2012.

According to the latest available statistics (2012), only 25 percent of farms generate more than EUR 3 000, and on average about EUR 5 500, of income per year from agriculture activities, which converges to the definition shown above of economically viable farms (see Table 19: Farm distribution according to gross income, 2012). More than one-fourth (27 percent) generate less than EUR 750. Almost half of the farms generate between EUR 750 and EUR 3 000, with an average of almost EUR 1 700 per household or about EUR 500 per working-age person (above 16 years), which is rather low. Thus, three-fourths of households generate very low income from agriculture, much below the limit of the economically viable farm. This makes it necessary for family farms to develop livelihood strategies based on income diversification. Although agriculture is the major source of income for rural families, according to the Living Standard Measurement Surveys (LSMSs) of 2002 and 2005, approximately 28 percent of rural households' income came from transfers (primarily remittances) in both years, and 21 and 26 percent of income came from non-farm sources.

Estimates show that total gross income from on-farm sales was EUR 7.3 million for raki (a local, traditional distilled spirit, similar to grappa), EUR 14.6 million from wine, and more than EUR 13 million from cheese and butter (MAFCP, 2012).

Table 19. Farm distribution according to gross income, 2012

Income per farm in Albanian lek (ALL) and EUR	Number of Farms	Farms with Sales	Income per Farm (ALL)	Income per Farm (EUR)
ALL 0–10 000 (EUR 75)	16 726	5 258	1 697	13
ALL 10 001–100 000 (EUR 750)	77 246	77 246	57 040	423
ALL 100 001–400 000 (EUR 3 000)	168 234	168 234	228 359	1 692
ALL 400 000+ (EUR 3 000+)	88 710	88 710	744 261	5 513
Total	350 916	339 448	310 261	2298

SOURCE: MAFCP ANNUAL STATISTICS, 2012.

Most cow milk production units are very small, with one cow per farm, typically oriented towards meeting self-consumption needs. Namely, 59 percent of the dairy cattle farms have only one cow, and thus most dairy cattle farms are subsistence farms. About one-third of the dairy cattle farms have two to three cows, which can be considered semi-subsistence, because farms that have two to three cows usually tend to sell part of the milk. About 8 percent of the farms, or almost 13 000, have four or more cows. These farms are market-oriented, and those with 11 or more cows – 1 percent of the dairy cattle farms, or 1 748 in total – have a stronger market orientation and potential and might invest in the future (Table 20: Structure of livestock farms).

About 5 000 farms (5 percent of all small ruminants milk-production farms) have more than 50 sheep or goats (Table 20: Structure of livestock farms). So, all in all, most flocks are small.

Table 20. Structure of livestock farms

Size	Cattle	% of total	Sheep	% of total	Goats	% of total
Number of farms						
Total	159 468	100.0	39 532	100	21738	100
1 head	94 481	59.2	2 065	5	3 717	17
Between 2 and 3 head	52 155	32.7	6 866	17	5 532	25
Between 4 and 5 head	7 756	4.9	5 845	15	2 375	11
Between 6 and 10 head	3 328	2.1	7 912	20	2 845	13
11 head and above	1 748	1.1	16 844	43	7 269	33
Head count						
Total	328 097	100	1 179 540	100	496 102	100
1 head	94 481	28.8	2 065	0	3 717	1
Between 2 and 3 head	115 869	35.3	16 580	1	12 873	3
Between 4 and 5 head	33 273	10.1	27 163	2	10 837	2
Between 6 and 10 head	24 287	7.4	65 677	6	23 279	5
11 head and above	60 187	18.3	1 068 055	91	445 396	90

SOURCE: INSTAT, 2017 (PUBLISHED AGRICULTURE CENSUS DATA).

Greenhouse vegetable production is dominated by small-scale production. According to the MAFCP last survey data (2012), about 3 100 farms, or more than half of the farms that operated greenhouses, had a greenhouse area of up to 0.1 ha. In the years since, the greenhouse farm size has increased across categories. However, there are not statistics available. Still, most greenhouse farms should be well below 0.5 ha. Table 21: Distribution of greenhouse farms according to size, 2012 shows the distribution of farms with greenhouses by greenhouse area.

Table 21. Distribution of greenhouse farms according to size, 2012

Size	Number of farms	Share (percent)
0–0.1 ha	3 094	54.2
> 0.1–0.2 ha	1 789	31.3
> 0.2–0.3 ha	460	8.1
> 0.3–0.4 ha	168	2.9
> 0.4–0.5 ha	72	1.3
> 0.5–0.75 ha	64	1.1
> 0.75–1 ha	22	0.4
> 1–1.5 ha	21	0.4
> 1.5–2 ha	7	0.1
> 2–3 ha	8	0.1
> 3 ha	3	0.1
Total farms	5 708	100.0

SOURCE: MAFCP (DATA PROVIDED UPON REQUEST).

Regarding orchards, according to the MAFCP last survey data (2012), in almost two-thirds of cases, blocks are very small, with an area of up to 0.2 ha. In the years since, the area of planted orchards has increased. The number of planted fruit trees was 5.5 million in 2000, 10.1 million in 2010 and 12.6 million in 2016 (MAFCP, 2010; INSTAT, 2016). Table 22: Number of farms by area with fruit trees in blocks, 2012 shows the distribution by size of farms cultivated with fruit trees in blocks.

Table 22. Number of farms by area with fruit trees in blocks, 2012

Surface with fruit trees in blocks	Number of farms	Share (percent)
0–0.2 ha	44 193	64.1
>0.2–0.3 ha	8 480	12.3
> 0.3–0.4 ha	5 186	7.5
>0.4–0.5 ha	2 547	3.7
> 0.5–0.75 ha	3 975	5.8
> 0.75–1 ha	857	1.2
> 1–1.5 ha	2 078	3.0
> 1.5–2 ha	168	0.2
> 2 ha	1 470	2.1
Total	68 953	100

SOURCE: MAFCP (DATA PROVIDED UPON REQUEST).

GEOGRAPHICAL ANALYSIS

Overall, average farm size is small (significantly below 2 ha) in all *qarks*¹⁹ (regions) of Albania. For example, the mountainous *qarks* of Dibër and Kukës have an average farm size of 0.7 ha and 0.6 ha respectively. Interestingly, in 2000 both of these *qarks* had significantly smaller farm size, below 0.5 ha on average. The process of migration / depopulation has been typical for such remote mountainous regions, which might have contributed to farm enlargement. Both of these *qarks* have received special attention from donor-driven and donor-funded development programmes focused on rural development, most notably SNV Promali in the past and DANIDA/GIZ SARED (for more details, see Section 4 on policies). On the other hand, the *qarks* of Vlorë and Fier have highest average farm size, slightly above 1.5 ha (Table 23: Average farm size in hectares by *qark*/region, 2012).

¹⁹ Note: in 2015, a territorial reform was implemented. The data analyzed here refer to the old territorial classification. While the first layer of local governance, *qarks* (prefectures or counties), have remained the same, districts and municipalities/communes have been subject to changes. One of the major challenges for statistical reporting is to adopt and make comparable with the previous/older classification all data obtained for the new local government units formed as a result of the reform.

Table 23. Average farm size in hectares by qark/region, 2012

No.	Prefecture (Qark)	2000	2005	2012
1	Berat	1.28	1.43	1.20
2	Dibër	0.48	0.55	0.72
3	Durrës	1.08	1.02	1.16
4	Elbasan	0.90	1.02	1.26
5	Fier	1.49	1.55	1.52
6	Gjirokastrë	1.22	1.28	0.95
7	Korçë	1.24	1.37	1.27
8	Kukës	0.44	0.54	0.60
9	Lezhë	0.92	0.94	0.89
10	Shkodër	0.85	0.85	1.11
11	Tiranë	1.25	1.01	1.20
12	Vlorë	1.12	1.33	1.60
Total		1.04	1.10	1.20

SOURCE: MAFCP ANNUAL STATISTICS, 2012.

The average rural household size (number of people per household) is 4.5 (Table 24: Average farm household size, 2012). There are some differences across *qarks* (plus or minus 20 percent). Looking at the household size for persons between 16 and 65 years, the average per household is down to 3.3 persons. Female-headed households are smaller in the number of members, and the ratio of dependent persons per person in the labour market is significantly worse (INSTAT, 2018).

Table 24. Average farm household size, 2012

Prefecture (Qark)	Household size	Share (16–65 years)	Household size (16–65 years)
Berat	4.6	77%	3.5
Dibër	4.4	77%	3.4
Durrës	4.7	71%	3.3
Elbasan	4.9	77%	3.8
Fier	4.6	73%	3.4
Gjirokastrë	4.1	79%	3.2
Korçë	3.9	74%	2.9
Kukës	4.8	77%	3.7
Lezhë	4.6	73%	3.4
Shkodër	4.7	70%	3.3
Tiranë	4.8	68%	3.3
Vlorë	4.3	72%	3.1
Average	4.5	73%	3.3

SOURCE: MAFCP ANNUAL STATISTICS, 2012.

Technology and mechanization

There are limited statistics about the availability of equipment at farm level. There are limited statistics about the availability of equipment at farm level. Table 25 provides some figures related to basic equipment. As can be noted, only a small percentage of farms have agriculture machinery. Small farm size makes it inefficient or impossible to possess equipment. provides some figures related to basic equipment. As can be noted, only a small percentage of farms have agriculture machinery. Small farm size makes it inefficient or impossible to possess equipment.

Table 25. Agriculture machinery count, 2015

Prefecture (Qark)	Wheeled tractors	Mini-tractors	Sowing machinery	Mowers	Number of farms
Berat	490	271	177	138	26 463
Dibër	270	97	104	71	26 455
Durrës	474	341	188	194	32 820
Elbasan	888	574	413	173	32 540
Fier	3 200	1 051	1 002	615	56 695
Gjirokastër	278	109	104	105	11 438
Korçë	1 512	1 150	592	240	30 284
Kukës	274	203	173	68	10 373
Lezhë	455	248	238	194	23 592
Shkodër	1 024	348	180	329	39 695
Tiranë	555	522	300	248	33 155
Vlorë	681	324	288	156	29 830
Total	10 101	5 238	3 759	2 531	353 341

SOURCES: INSTAT (2017), MAFCP (2012) (NUMBER OF FARMS)

Since most farms do not possess their own tractors, their needs are met by service providers, which typically are other farmers or rural households. Usually, the services are charged per hectare.

According to the interviewed experts, farmers lack the appropriate knowledge about production technology and the use of inputs and equipment. Farmers also often lack basic equipment, such as pesticide spray pumps that have the right technical standards to ensure the proper spray of pesticides, which is necessary to ensure quality and compliance with standards. The situation is worse in the case of women farmers of de facto female-headed farms, given women's reduced access to information, extension service providers and capital (FAO, 2016).

Furthermore, farmers across sectors lack basic storage and/or postharvest capacity. In the olive sector, farmers are reported to lack basic equipment such as nets (for the harvesting process).

Such limitations are most critical both for women and men in the dairy sector. According to Gjenci *et al.* (2015), about 87 percent of surveyed dairy cattle farms stated that they have no cooling tank for storing milk, which is a prerequisite for meeting milk safety and quality standards.

Given the small farm sizes, cooperation is one strategy that can be embraced by female and male farmers and be supported by government and donors to improve access to equipment. In this report,

we provide the case study of two cooperatives that include the use of joint facilities (e.g. post/harvest, storage and mechanization; see Section 3.2.3).

Box 2. Case study: Land tenure and access to support schemes – the case of northern Albania

Land titles are necessary not only for transaction purposes, but also to access certain support schemes, such as the Instrument for Pre-Accession Assistance in Rural Development like (IPARD-like) – as well as IPARD II in the future – and the Sustainable Agriculture Research and Education Program (SARED), which is funded by the Danish International Development Agency (Danida) and the German Corporation for International Cooperation GmbH (GIZ), and implemented by GIZ.

The Kukës region, or *qark*, is located in northeast Albania. It is characterized by weak development of the agriculture sector, which is caused by a number of factors, such as small farm sizes below the national average and a lack of infrastructure and equipment. Some of these constraints can be addressed by support schemes, such as IPARD like, IPARD II or especially SARED, which was designed for less-developed mountainous areas (these projects/programmes are explained in Section 4 of this report). However, one of the eligibility criteria for the application for support from these programmes is that land rights should be formally registered – property titles must be in place and certificates issued correctly. In Kukës, out of 13 000 ha of agriculture land, only about 3 000 ha is fully registered. As a result, there was only a small number of applicants/beneficiaries from these support schemes. In some cases, farms with 2 ha of orchards were willing to apply to SARED but could not because they did not possess formal land titles. This was particularly the case of women, who are less likely to have land registered in their names.

Several factors contribute to this situation:

- There is limited awareness among farmers about land-registration benefits.
- Typically (since the introduction of plantation subsidy schemes from the late 2000s to the time this report was written), national/governmental agriculture support schemes did not require land titles. In the past, it was sufficient to have a statement from the local government unit (communes or municipalities). Thus, access to national schemes did not provide an incentive for land registration.
- Some farmers fear that land registration will expose them to (high) land taxes in the future.
- One condition of social assistance is that is that the beneficiary should not have land. Thus, those households that benefit from social assistance tend not to register their agriculture land. Bureaucracy and a lack of human and technical resources at the LGU level have resulted in complicated or costly transaction procedures. For example, the municipality of Kukës did not have a land administration expert until recently, and even when one was hired, there was no equipment available necessary for the process of land registration.

Source: interview with Dritan Tahiraj, Kukës regional coordinator, SARED.

Although the agriculture land market is not vibrant, for the reasons mentioned above, land transactions are still recorded on the scale of 700 to 800 ha/year. However, it is not clear to what extent agricultural purposes have been accounted for and to what extent for the land was for other (e.g. construction) purposes, according to director Irfan Tarelli from MARD.

The high level of land fragmentation can be addressed through land consolidation programmes and projects. Two international donor-funded projects have provided technical assistance for land consolidation in Albania, with a focus on agricultural land. The World Bank “Agriculture services project” was implemented with a land consolidation sub-component during 2001–2004. Land consolidation pilots were implemented in four pilot municipalities (Fiershegan, Frakulla, Suc and Pojan), and a policy study on land consolidation was prepared. The project approach was voluntary and market-based. The results of the project were hampered by the absence of land consolidation legislation, high land transfer taxes and land registration problems. During 2010–2013, FAO provided technical assistance through the project “Support to the preparation of a national land consolidation strategy and a land consolidation pilot project.” Land consolidation pilots were implemented in three villages in Terbuf (municipality of Lushnje). This project implementation confirmed the complicated and time-consuming procedures for transfers as well as land registration problems. Thus, the pilot project identified the need for land consolidation legislation to provide simplified and cost-effective registration procedures in future projects, and it supported the development of a national land consolidation strategy (Hartvigsen, 2015).

The adoption of the strategy is the first step towards developing a National Land Consolidation Programme for Albania. In 2016, the National Strategy for Land Consolidation was approved by the Council of Ministers. The strategy aims to address the challenges resulting from the land reform described above, such as the high level of land fragmentation and the small average farm size. The strategy is based on consultations with interested stakeholders and on the implementation of the aforementioned land consolidation pilot project in three villages of Terbuf Commune in Lushnje, supported by the FAO project TCP/ALB/3301.

The need for developing the National Strategy for Land Consolidation and subsequently a National Land Consolidation Programme is conditioned by the following factors:

- e. the need for establishment of economically viable and competitive farms (family farms) that can meet the modern market economy requirements;
- f. the improvement of the organization of the agricultural sector and the capacity for efficient self-management in the agricultural private sector;
- g. the development of the agricultural sector due to adequate farm structure and improved rural infrastructure, and the development of family-type farms with an orientation toward the market; and
- h. the possibility of adopting and implementing economically viable and environmentally friendly agricultural practices.

LAND TENURE AND GENDER

One of the main issues regarding gender equality with regard to access to assets in rural areas is land rights, which is a highly sensitive topic in Albania. Despite some minor gaps, the Albanian legal framework is not discriminative towards women (it treats them as equal to men; all family members – men and women – should agree with any land transaction). The application of legal norms in rural areas is frequently unsatisfactory. Furthermore, the registration of land only in the name of the so-called “head of the household” (following article 224 of the Civil Code (FAO, 2016)) leads to de facto discrimination of women and other legal owners who are not registered as such, as highlighted by the 2016 general observations of the CEDAW Committee. Often, women are ignored in the land transaction decision-making process. The rural population’s limited awareness of land rights of women contributes to the situation.

Although no sex-disaggregated data on land registration is still available, it is expected that the share of women owning land in the future will be progressively reduced, given social practices in marriage and inheritance, as documented in the FAO country gender assessment conducted for Albania. In rural areas of the country, patrilocal marriages are a common practice, under which married women move to live with their husband's family. Within this type of marriage, it is socially expected that women would "renounce" their ownership rights over their parents' land and assets in benefit of their brothers, while at the same time they do not gain ownership rights over land of their new family (FAO, 2016). Knowledge of women's rights over land and other assets (including livestock and assets obtained during marriage) is limited both among rural women and men, as well as among civil servants and land professionals (FAO, 2016).

3.2.3 Value chain organization, standards and access to markets

FARMERS

Most farms in Albania are mixed (i.e. they engage in several agriculture activities or products) and semi-subsistence. Recently, Albania has been characterized by a farm consolidation/enlargement trend: a reduction of the total number of farms, along with an increase in the number of farms with a higher number of head or more cultivated areas (in the case of orchards, vineyards, olives and greenhouses). However, there are no available statistics.²¹

In the case of cattle, milk is usually the main product, and calves (as by-products) are usually sold small to butchers while the processing industry relies on imported meat (as shown below). Also, producers of small ruminants have a mixed orientation, selling lambs to butchers directly or via middlepersons. Most dairy farmers sell milk to dairy processors, but it is also common that smaller farmers supply fresh milk directly to households, either by direct supply or by selling milk in the streets. This poses a threat to health due to possible violations of food safety (see the section on Standards and access to markets). Pork production is not as developed as cattle.

In the case of poultry and egg production, there are several consolidated, relatively large producers. Albania reached self-sufficiency for eggs a long time ago, but it still depends highly on imported fresh or frozen poultry meat. Larger egg and poultry meat producers directly supply retail outlets. Finally, in general horticulture, farmers sell their production through wholesalers or local collectors (for more information on this, see below).

²¹ As mentioned earlier, since 2012, no data have been collected and reported based on farm surveys by INSTAT or MARDWA.

WHOLESALERS

Wholesalers play a crucial role in the fresh fruit and vegetable value chain in Albania, given that both the production base, on one hand, and the retail sector, on the other hand, are very fragmented. An important category/type of wholesalers is local collectors, typically located in production sites, who collect fruit from local farms and supply a variety of traders or export directly. Such collectors often have emerged as bigger farms that have invested in storage capacities. Apple production is a classic example.

Wholesalers also play an important role in the medicinal and aromatic plants value chain, where they typically act as exporters. They carry out basic processing tasks, such as cleaning. However, some also produce essential oils and are thus also acting as processors. They are usually supplied by farmers via local collectors, but there are also cases of direct supply.

In the dairy sector, collectors play a crucial role. Larger processors tend to employ collectors as their own staff, but some collectors are acting as independent enterprises. There also is a collection point run by a cooperative, which is described in a special case study later in this report.

PROCESSORS

Developing a solid food processing industry is a key factor for the development and consolidation of a food chain. Processing is a key node of the dairy value chain. There are already several established processors that have invested in large and modern capacities (the largest are Lufra, Erzeni and Gjiofarm), and some of them have been supported by governmental and/or donor funding. As an example, Lufra, one of the largest processors, has benefited from IPARD-like support; this will be analyzed in more detail in Section 4. One of the major challenges highlighted by professional processors is access to high-quality milk. On most farms, milk does not meet the minimum national standards (see the Section on Standards and access to markets).

In the meat sector, processors rely mostly on imported meat due to the high cost of the locally produced meat related to small farm sizes and fragmentation. Relying on imported meat, which can be purchased at large quantities and competitive prices, the meat processing industry was consolidated since the 2000s, with a higher concentration of processing units than the dairy sector. Some industry leaders (EHW and KMY) have also invested in their retail outlets.

There are four large fruit and vegetable processors, which process a wide range of products (e.g. pickled vegetables, tomatoes paste, compotes, jams, etc.): Sidnej in Berat, Amarilto in Lezha, Sejega in Tirana and Zdrava in Lushnje. Other smaller processors are located in various regions.

In the case of olives, the situation is different. Most olives are destined for the production of olive oil. Olive oil is usually not sold through wholesale actors and markets. Direct sales are common for farmers and small olive oil mills, while larger olive oil processors supply directly to retail units. This situation is similar for wine and raki, as well. Thus, both the wine grape and the olive oil value chains function as short value chains. The short value chain is described in detail later in this report.

RETAILERS

The retail sector includes a wide range of outlets, including public retail markets, spontaneous markets, formal and informal shops, and supermarkets. In addition, there is a large informal trade. Street-selling activities count for a large proportion of food trade in Tirana. This phenomenon represents a potential threat to consumers' safety as well as to the operation of public markets – to tackle this concern, there have been efforts from local police forces in major cities (Tirana, for example) to reduce informal sales.

Below are described the main retail sector categories.

Supermarkets are part of a radical change brought about by private enterprises in their efforts to better serve consumers. In recent years, the number of supermarkets has been growing, especially in bigger towns. Despite their fast growth – primarily driven by the two leading chains, Conad and Spar (formerly Carrefour) – supermarkets' share in the retail sector is still quite small when it comes to food, especially fresh fruits and vegetables. In Tirana, just 5 percent of consumers primarily buy fruits (such as apples) at supermarkets (Imami *et al.*, 2012).

Green markets remain the main channel for vegetable and fruit sales. Each larger town has several green markets situated in different parts of the city. In Tirana, retailers in these markets are mainly supplied, usually on a daily basis, from the Tirana wholesale market. In some cases, farmers directly supply green markets.

Groceries and traditional retailers are widespread throughout the cities, and they usually sell a broad range of food and non-food products, including fruit, vegetable and processed food products. These retail points have higher coverage, as they are located in every neighborhood. They are more flexible and can change the range of products.

Restaurants, fast food eateries and bars also are important actors in the agrifood value chain. Bars and restaurants are a major target for farmers who produce raki and wine. As income grows, it is expected that this segment of the value chain will have a growing role in the distribution of fresh and processed agrifood products.

CONSUMERS

Consumers, the final node of the agrifood value chain, are interested in obtaining the highest possible quality and safety for the lowest possible price. They may choose to rely on direct relations with producers, sellers/suppliers or brands. Considering their low trust in the weak food safety system, consumers tend to develop direct relationships with farmers or traders and in some cases engage directly in production. The most classical example is with raki, where many households, even in urban areas, produce their own raki, even when they don't produce their own grapes but rely on purchased grapes to ensure quality. Direct sales to households are common among small holdings located near major urban areas. It is still common for farmers to go door-to-door to supply households directly with fresh milk bottled in plastic bottles from soft drinks.

Previous studies have found an overall strong preference for local agrifood products in terms of domestic versus imported products, but also within Albania in terms of products from specific territories. Strong consumer preferences for local products have been identified for honey, olive oil, meat, cheese, fruits (e.g.

apples) and vegetables (e.g. tomatoes). There is a potential to develop and market products from specific territories and to promote agri-tourism, as well as the slow food movement,²² which is widespread in the Balkans. Agri-tourism can benefit rural areas and provide alternative outlets for selling locally produced agrifood products. Consumers also evince a clear preference for organic products and a willingness to pay a premium price for organic products (Imami *et al.*, 2017; Skreli *et al.*, 2017), which should be considered as a market opportunity for rural households. However, organic products still represent a small share of the retail market. Recently, some shops have attempted to specialize in organic food, but achieving a regular supply of fresh organic products is often a challenge. Support for developing the organic food chain would represent more market opportunities for small farmers.

VERTICAL COORDINATION AND FARM CONTRACTING

The agrifood sector as a whole is facing problems with creating market institutions, establishing marketing and distribution channels, meeting European Union quality and veterinary and phytosanitary standards, and building the administrative capacity to support these processes. The agrifood value chain is expected to change substantially in the coming years, as the share of supermarkets in the retail sector is expected to increase significantly as in other transition and developing countries. Supermarket chains are typically very demanding towards suppliers in terms of volume, consistency, quality, costs (forcing low prices while delaying payments), and commercial practices, emphasizing long-term relations and contracts with suppliers. Furthermore, in some agrifood subsectors, such as greenhouse vegetables and watermelons, production significantly exceeds domestic demand and a strong export orientation is needed. As mentioned, export markets – particularly the lucrative EU markets – are highly demanding in terms of standards. Export markets can be better targeted through improved vertical and horizontal coordination in order to achieve quality and safety standards (including tracability) and to improve efficiency.

EU marketing standards also may be a problem in this respect, since most producers are not aware of the standards and do not meet them. EU marketing standards are also relevant in the domestic market, since many international supermarkets apply marketing standards even higher than the EU standards.

In Albania, there are observed different forms of vertical coordination, which vary by sector/product and types of farmers. Spot markets still remain an important form of coordination in the horticulture sector. Regarding the types of agreements between farmers and buyers, previous studies conducted in Albania show that written contracts (formal contracting) are not common, while informal (verbal) agreements are widely used (Imami *et al.*, 2017).

Contract farming can help farmers (especially small farms) reduce market-access risks, take up innovative technologies, increase productivity, and improve product quality. By facilitating access to crucial services not otherwise available and accessible to smallholders – such as advice and training, credits and inputs and, occasionally, insurance – productivity constraints may be overcome. This may lead to higher incomes for small farmers and a better livelihood for their families.

According to Imami *et al.* (2017), the main reason for not contracting is that contracting is not a typical way of doing business. The second most important reason appears to be that farmers do not see or perceive any benefits from contracts.

²² To learn more about the slow food movement, please visit: <https://www.slowfood.com/>.

Box 3. Short value chain – the case of olives, the olive value chain, and vineyards (grapes for processing)

Most farmers normally use the largest share of grapes produced on-farm for on-farm processing. According to Imami (2011), whose study covered various regions in Albania, for larger farmers the main destination of raki is restaurants and bars, whereas for smaller farmers, self-consumption and selling directly to households are the most important uses. On-farm-made wine is also characterized by similar pattern of destination as raki.

Most olives are destined for olive oil processing, whether it is retained by farmers or sold to processors. It should be noted that self-processing is very rare, technically speaking, so olive oil retained by farmers is processed in local olive mills for a fee (monetary or in-kind, usually calculated per 100 kg of olives processed). For many processors, their core business is acting as a service provider to farmers. Vertical integration is common in the olive oil sector. Many processors have invested in planting their own olive groves (Imami, 2011). Such vertical integration may be useful in decreasing raw olive costs (by producing olives instead of buying them), as well as transaction costs. It is common for consumers to buy olive oil directly from producers (farmers or factories) in Albania. According to Imami *et al.* (2013), it is apparent that buying directly from producers may be a strategy to obtain higher (perceived) quality; building long-term relationships with producers and suppliers may be important for consumers. For most consumers (more than two-thirds of respondents in the study), the main indicator of a guarantee of quality is personal, direct interaction and familiarity with the producer.

Thus, in the case of olives and olive oil value chain, as well as in the case of vineyards (grapes for processing), the short value chain is typically dominated by direct sales from producers to households, thus leaving contract farming unattractive for the largest part of these sectors. However, there are few cases of wine processors investing in quality and making efforts to establish long-term relationships and contracts with farmers.

There are several implications of this. First, the short value chain is and will remain an important channel of sales for small farms in the near future for certain agrifood products, such as those mentioned above. However, in the longer run, the loss of social ties among urban consumers and producers, along with the further professionalization and formalization of production and sales, will pose a threat to short value chains. Farmers, who rely on direct sales, might find themselves gradually squeezed out of the market. On the other hand, the current pattern of direct sales, combined with consumer preference for products from special territories, represents a potential for agri-tourism that should be capitalized on.

The farmers' trust in the buyer is found as a strong predictor of contracting in the greenhouse vegetables value chain. The results show that the effect of buyers exercising their total power on contracting decisions is positive and significant (Imami *et al.*, 2017).

There are some models of contract farming that function well. One example is Agro-Koni (whose owner and manager, Ruzhdi Koni, was interviewed). He offers inputs to producers and farmers, and he guarantees markets, thus reducing market uncertainties. Despite the low prices and margins for farmers, this still has been useful for them. Such wholesalers have two categories of clients: those with stable relationships, often bigger farmers, and those kept as a last option, often those who are located farther away from the supplier.

During the second workshop of this country study project, participants presented the view that it could be introduced as an eligibility criterion for support under investment-support programmes (such as IPARD) that a processor must have contracts with farmers in order to ensure that the capacity of the new facility can be better exploited. This contracting requirement could also make it easier for small farmers to get access to funds for on-farm investments.

Box 4. Value chain coordination – the case of organic certification

Musai SHPK is a producer of high-quality olive oil, exporting organic olive oil directly to European Union markets. Vesaf Musai, owner and manager of the Musai SHPK olive oil factory, has long-term relationships with a core group of farmers, in some cases based on written contracts. The price is not specified in the contracts, since they follow market prices and add a premium for quality, but the contracts do specify several conditions, including that the processor will buy from the farmer and that the farmer will sell to the processor.

This brings to light a good example of support for organic certification and cooperation. Farmers on three hills – roughly ten farmers per hill – have cooperated to certify organic production, with funding from the Agricultural and Rural Development Agency (ARDA), known in Albania as Agjencia e Zhvillimit Bujqesordhe Rural (AZhBR). That enables and was conditioned upon cooperation of neighbouring farmers. It functioned for the two years that there was support from AZhBR /ARDA. It is still feasible to replicate or continue such cooperation, Musai said, but support should be for at least five years so that farmers may strengthen their capacities and better understand and demonstrate their benefits.

Support for organic certification should be combined with investment support in the form of simple equipment for harvesting and storage, as mentioned above, to enable farmers' efficient conversion to organic production. Support for organic certification should be done in close collaboration with processors. For example, to ensure quality Musai carefully monitors the field olive groves before and during the harvesting of olives. Thus, the engagement of processors at all stages of support for farmers is necessary and useful.

Source: In-depth interview with Vesaf Musai.

Box 5. Case study: Superberry

The company Superberry produces raspberries in Albania and is owned by a group of Dutch investors, all of whom work in the horticulture sector. One of these investors, Leo Rodenrijs, also is the manager of the company in Albania. The company entered Albania thanks to support from a financial grant from the Private Sector Investment Programme (PSI), a Dutch government subsidy programme supporting innovative investment projects in developing countries. The objectives of PSI, which was formerly known as PSOM, are to stimulate financial growth, create employment opportunities and generate income.

Superberry has a collection centre near Fier and production facilities in Divjaka. Besides production, Superberry is also involved in marketing of the berries, mainly to European countries such as Austria, Italy and France. The company also has the possibility of exporting, based on its quality and GLOBALG.A.P. Certification, to Germany, the Netherlands and the United Kingdom, but it has not yet produced enough berries to do this. Certification shows the potential of the Superberry integration to grow in the fruit sector. Superberry organized the GLOBALG.A.P. Certification, and as long as they continue to work in this integration, farmers have to do only limited investments to also be GLOBALG.A.P. certified.

To meet the demand in terms of volume, the business has contracted other farmers for the production of berries. Superberry has developed a production protocol and is able to provide farmers with extension services. If necessary, they can call specialists from different fields of expertise. Superberry provides farmers with some equipment and organizes logistics in a way that the berries, as early as possible, are stocked in a cold-storage area. The total export activities and logistics are also organized by Superberry, which has direct contact with the importers in Europe.

To conclude: By reducing risk, grant support may encourage start-up investments in new products and countries. Companies based in the European Union bring in not only technology but also organizational know-how and market access to the EU. Contract farming works when there is a clear market demand and when there is investment in standards and technical assistance by the buyer. GLOBALG.A.P. Certification is an advantage and, in some cases, a precondition to access the main EU markets.

Source: DSA & UP (2018) and interview with Superberry employees (including its manager, Leo Rodenrijs).

Horizontal cooperation

Collective action may contribute to the achievement of economies of scale that make it more attractive for buyers to deal with smallholder farmers, thanks to the possibilities of consolidating larger volumes and thus reducing transaction costs, of better managing post-harvest handling and thus reducing post-harvest losses, and of facilitating the diffusion of good practices and innovations and thus increasing productivity. In turn, the bargaining power of organized farmers in the contracting process can be strengthened. This is particularly the case for small farms in Albania, considering their small sizes and the high degree of land fragmentation. Cooperation also could contribute towards addressing the limitation arising from fragmentation. Because of historic reasons, however, few cooperatives exist in Albania in the new, post-1990s economic reality. The same can be noticed in other Eastern European countries as well.

Regarding horizontal cooperation, the main problems faced by farmers are critical determinants of their cooperation in Albania's vegetable sector. Problems include input provision, joint sale, agricultural machinery, advice, benefits from cooperation, perceptions of leadership availability, participation in former collective-action activities, and age. Among the determinants of collective action, it has been found that low trust levels have a negative impact on farmers' incentives to contribute financial resources for the maintenance of irrigation and drainage canals but have no significant impact on labour contributions.

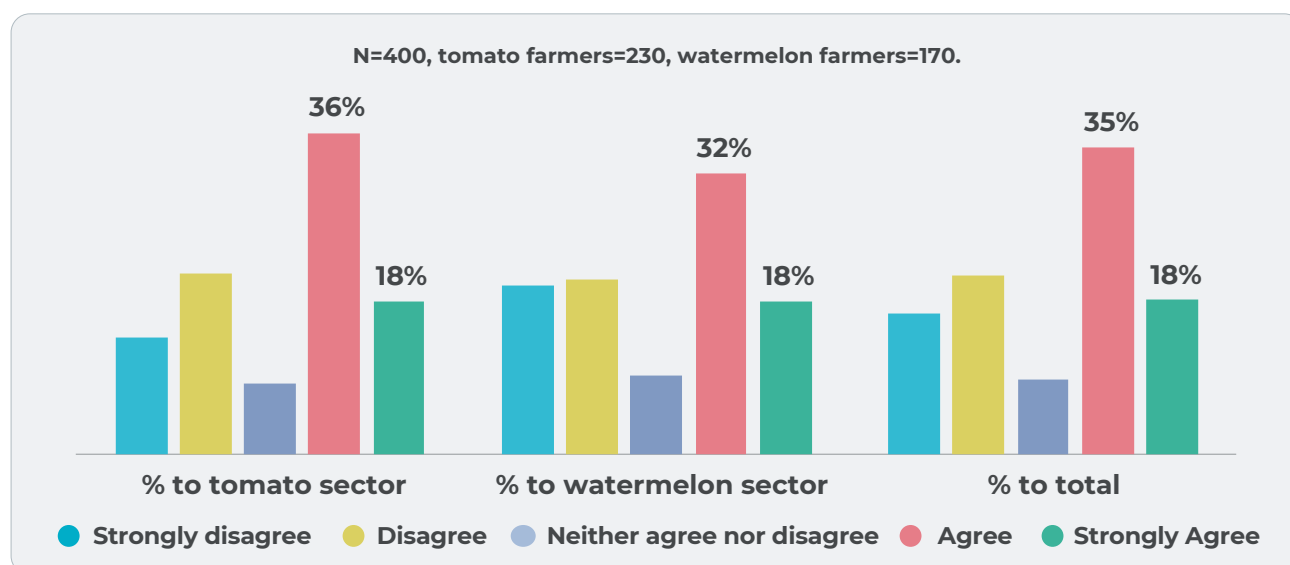
The most prevailing collective action activities observed in a recent study (Imami *et al.*, 2017) are the exchange of labour with other farmers, for example in harvesting products, rotating shepherds, etc. Slightly fewer than two out of three farmers (64.9 percent) participate in at least one such activity, while 40.5 percent of farmers participate (or have participated) in at least one collective agricultural production activity related to repair or maintenance of irrigation canals and rural roads, or similar tasks.

Based on a survey conducted by UN Women (2016), only 3 percent of surveyed men and 0.7 percent of surveyed women were members of an association. In 2015, there were 37 registered cooperatives (of which 8.7 percent of members were women).

Many farmers are reluctant towards the notion of cooperatives because of reminiscences to the communist past of the country (FAO, 2016). Still, more than half (53 percent) of the farmers interviewed for this report are willing (they either agree or strongly agree) to cooperate with other forms of collaboration (in associations, for example) towards product marketing and the group/collective provision of agricultural inputs such as seed and seedlings, fertilizer, plant protection chemicals and other purchased inputs. Greenhouse tomato farmers are slightly more willing to cooperate than watermelon farmers; in total, 54 percent of tomato farmers said they agreed or strongly agreed when asked whether they were willing to cooperate (Figure 6: Answer to the question: "Are you willing to participate in group procurement of agricultural inputs and product marketing?").

Two out of three farmers (65 percent) agreed or strongly agreed when asked whether they would contribute to the joint procurement of agricultural advice. However, only 43 percent of the interviewed farmers agreed or strongly agreed when asked whether they would contribute to the joint procurement of agricultural machinery. The same results were obtained when the question was formulated in a more general way about participation in any cooperative or farmers' groups (Figure 6: Answer to the question: "Are you willing to participate in group procurement of agricultural inputs and product marketing?").

Figure 6. Answer to the question: “Are you willing to participate in group procurement of agricultural inputs and product marketing?”

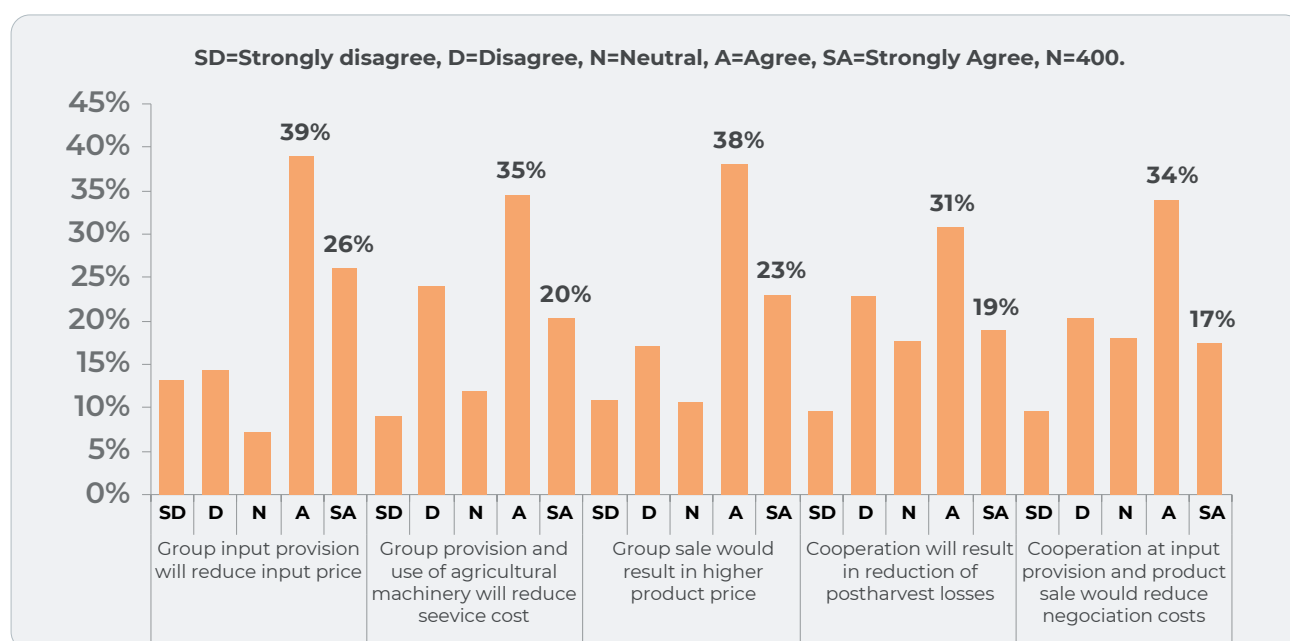


SOURCE: IMAMI ET AL., 2017.

One factor that may impede cooperative initiatives is the lack of understanding among farmers about the establishment and functioning of agriculture cooperatives.

According to Imami *et al.* (2017) survey, farmers perceived clear benefits from collective action, particularly in terms of price. Fifty-five percent of farmers either agreed or strongly agreed that group input provision would reduce input prices; the same proportion perceived benefits in terms of the cost reduction of agricultural machinery, and an even higher proportion of farmers either agreed or strongly agreed that group sales would result in a higher product price (Figure 7).

Figure 7. Cooperation benefits



SOURCE: IMAMI ET AL., 2017.

CONCRETE EXAMPLES OF COOPERATION: FARMERS GROUPS

Examples of successful groups of farmers are quite informative in terms of determinants of success, as shown by Myzeqeja Farm and the LUJZ Group of Farmers (Box 6).

Box 6. Successful farmers groups

Farmers group: Myzeqeja Farm

Farm group Myzeqeja Farm is registered as an Agricultural Cooperation Association (SHBB). It is located in Kemishtaj, Lushnje. It counts 60 family farm members, represented by the heads of the farms. Its main activities are milk collection and marketing, input provision, and agricultural machinery services. The group has a written agreement with Erzeni milk processing factory. They sell at higher prices than most individual farmers because of a) higher quality related to storing milk in cooling tank and b) bargaining power. Myzeqeja Farm also provides mechanical services for member farms at a lower price than other service producers. Heifer International, a charity organization, has provided support since the early days of transition for the group of farmers, and thanks to their support, the individual farmers grew their production capacities but also managed to establish a sustainable cooperative. They have a cooling tank and agro-mechanic equipment, which they use jointly.

Success determinants:

- trusted leader (the group's leader is a farmer who is trusted by other farmers);
- clear and simple rules emphasizing transparency and the separation of operational and financial management;
- community cohesion and solidarity (the majority of group members have been village inhabitants for generations, and cooperation among people in the village has always happened, even during the former communist system); and
- professional support – both technical and financial – from Heifer International and other donors, during the start-up phase and at latter phases.

Farmers group: LUJZ Group of Farmers

Location: Koplík i Siperím, Malesia e Madhe

Number of members: approximately 20 family farms represented by the heads of the farms.

Type of business: The drying of medicinal and aromatic plants (MAPs). They are actually cultivating different varieties of MAPs, such as sage, lavender, curry plant and thyme, in an area where cultivation of crops is very difficult due to poor land quality. They manage 150 ha and processing 150–200 metric tons of dried product per year.

Assets: Warehouse equipped with easy-to-use post-harvesting tools and equipment.

Legal form: Agricultural Cooperation Association (SHBB)

Success determinants

- benefits from joint activity (the group has been able to target new markets, increase their negotiating power, improve the quality of MAPs, and lower the operational costs of drying);
- appropriate legal arrangements regarding rights and obligations in terms of asset ownership and use; and
- professional support from the Pro Mali programme (implemented by SNV and financed by the Danish Ministry of Foreign Affairs) and AAC (Albanian Agriculture Competitiveness Program, financed by the United States Agency for International Development).

For both groups, critical factors for success are social cohesion and trust, production of products with strong market orientation and quality standards requirements, and external support (e.g. technical assistance, equipment, etc.).

Sources: In-depth interviews with Xheladin Zekaj, representative of LUJZ Group of Farmers; Pirro Jongari, representative of Myzeqeja Farm; and Imami *et al.*, 2017.

Water users associations and forest users associations have been institutional devices for irrigation and forest management in Albania. While the experience of both forms of organizations has been rather unsatisfactory, as almost all of them have been dysfunctional, a significant number of forest users associations have accumulated significant social and institutional capital (Imami *et al.*, 2017).

Standards and access to markets

There are gaps in food safety standards throughout the downstream food value chain. Albania faces serious problems with the national food safety control system in terms of legislation, infrastructure, institutional capacity, control, and enforcement, and these problems create real and perceived safety risks for consumers. The problems in the Agricultural Health and Food Safety System have been identified by several studies, most notably in meat and dairy products, where food-borne diseases caused by microbiological contamination have been one of the major public health concerns (Vercuni *et al.*, 2016). The dairy sector still faces numerous challenges. First and foremost, there are concerns about the safety and quality of raw milk and processed dairy products (Gjeci *et al.*, 2016; Vercuni *et al.*, 2016), and there also are similar concerns for meat (Imami *et al.*, 2011; Zhllima *et al.*, 2015).

The Albanian Government considers food safety and consumer health protection a policy priority in its EU approximation agenda. The main law in Albania on food safety is Food Law No. 9863,²³ dated 28 January 2008. It sets requirements for the production and circulation of safe food and feed, following EU provisions. According to Article 26 of the law, food production companies are obliged to implement a Hazard Analysis and Critical Control Point (HACCP) as a self-control mechanism. HACCP is a basic tool to improve and ensure food safety in Albania.

The National Food Authority (NFA) was established in line with the Food Law and was based on strategic priorities set down in the European Commission's "White Paper on Food Safety." The NFA has been supported by EU-funded projects aiming to consolidate and strengthen the administrative structures responsible for enforcement of EU-compliant food safety measures.

²³ All Albanian legislation can be found (in Albanian) at <http://ligjet.org>.

The Ministry of Agriculture and Rural Development (MARD, previously known as MAFP and MARDWA) has introduced national minimum standards (NMS) in accordance with EU practices. Good agricultural practice (GAP) should correspond to the type of farming that a farmer would follow in the region concerned, entailing, at minimum, compliance with general statutory environmental requirements. The beneficiaries of such policies are: a) small-, medium- and large-scale farms, which will achieve better access to markets; b) consumers, who will be assured of higher-quality and safer food produced in sustainable ways; c) business and industry, which will gain profit from higher-quality products; and d) all people, who will enjoy a better environment. During recent years, food safety, animal welfare and the national minimum standards have been reformed through amendments and new laws as well as through the Minister of Agriculture's orders applying to such issues as animal and farm registration, business licensure, transport and slaughtering of animals, milk collection and transport, animal health, etc.

Despite legal and institutional changes, many farmers still lack information or awareness related to standards. According to a recent publication (Gjeci *et al.*, 2016) about 87 percent of surveyed dairy cattle farmers stated that they had no cooling tank for storing milk, which is a prerequisite for attaining milk safety and quality standards. Most farmers do not know which institutions are in charge of food safety, animal health, or stable standards control. Although most farmers stated that they had a farm livestock book/register, they were not aware of the institution responsible for controlling them. Lack of awareness about standards results in standards non-compliance, which implies lower market access (especially in the case of exports) and constraints in access to funds whose access is conditioned by meeting certain standards in a documented way (e.g. IPARD).

Milk is still sold on the roads in used plastic bottles, a clear sign of the failure of food safety. A lack of formalization also is associated with the high food-safety challenge ... being informal means being out of the control of state authorities. To promote food safety standards, the first milestone is to formalize the agriculture sector (interview with Sabah Sena, an experienced livestock expert).

Small farms need technical assistance related to hygiene. When cows have mastitis, vets – instead of advising farmers how to improve conditions of stables and how animals are kept – simply issue antibiotics. But that only cures the animal and does not change the situation in the long term. Vets are not interested in preventive actions because they get no benefit; vets benefit more if animals are often sick. Therefore, some training is needed, and vets must be provided with incentives to do it properly, according to interviewed experts.

On the other hand, farmers have a legal responsibility to report deaths, but most are not aware of this obligation. They should know the side effects of slaughtering sick animals and eating the meat. Many people get sick when they slaughter and eat sick animals. Information about sick animals should be provided to schoolchildren and all people in rural areas. PAZA (the Protection Against Zoonotic Diseases project in Albania) has used schools to disseminate information about primary diseases, targeting 2 000 schools in rural areas. Such packages of information include leaflets, posters, etc., aiming at increasing awareness (interview with Bob Connor, expert and team leader of the EU-funded Project PAZA).

Box 7. Standards, contracting and cooperation – the case of the SONNENTOR project, supported by SARED

SONNENTOR was established in Austria in 1988 focusing on the production and trade of organic herbs. As of 2007, the company extended its activity to Albania. A separate company was founded for the acquisition of goods, export and training of farmers.

Sage is one of the most important species of exported medicinal and aromatic plants (MAPs), but it recently has witnessed a price drop from USD 2.2/kg to USD 0.7/kg due to its exponential increase in cultivation in Albania, particularly in the region of Shkodra (which is explained also in other parts of this report). Low prices are attributed not only to an increase in production stimulated by governmental schemes (see the specific case study) but also to poor post-harvest practices (sorting, cleaning, homogeneity, phytosanitary and food safety treatments, dryness, etc.) affecting the standards of exported sage and to basic processing that is not according to the international standards.

Prices for exported lavender and thyme, two other important cultivated MAPs in Albania, are low compared to their organic counterparts. The prices of organic sage, lavender and thyme are as much as double, depending on the species and buyer, when compared to conventional products. Moreover, demand for these products has increased steadily.

Several key producers are interested in changing their cultivation system from conventional to organic to exploit these market opportunities. Several of the producers, which as members of LUJZ Group (described previously in this report) cooperate in post-harvest activities and selling, are already interested in undergoing the procedures for certification, including required changes in quality and traceability.

The Support to Agriculture and Rural Economic Development in Disadvantaged Areas of Albania (SARED) have been supporting the creation of a direct business relationship between SONNENTOR and cultivators from the LUJZ Group in pursuit of value and improved quality. As SONNENTOR exports directly to processors abroad, the project addresses all of the challenges related to product quality, especially in terms of residues or microbiological contamination. The project involves also public agencies, such as the Shkodra Agricultural Technology Transfer Centre (ATTC).

The “wait and see” approach for “conventional” products is usually associated with spot-market exchange relationships upstream – and to a certain extent downstream – of the value chain. But quite the opposite is true for organic medicinal and aromatic plants, where there is strong coordination both downstream and upstream of the chain. The application of contract farming by SONNENTOR can provide benefits to cultivators of the LUJZ Group by mitigating uncertainties and removing the risk of shortages, oversupply and volatile prices.

The project is a combination of a value chain approach with that of territorial development. It seeks to improve vertical integration while capitalizing on horizontal cooperation and adding value to key products in the region.

Source: Interview with Endrit Kullaj, executive director of SONNENTOR, agriculture expert and lecturer (Associate Professor) at the Agricultural University of Tirana.

Food safety standards is a major concern perceived by Albanian consumers. Several studies (Imami *et al.*, 2011; Zhllima *et al.*, 2015; Vercuni *et al.*, 2016) document/highlight the concerns of average consumers about food safety, particularly for livestock products, regarding distrust in the public institutions in charge of the enforcement of safety standards.

However, during the second workshop of this current country study project, participants and representatives from MARD made the point that recently there has been strong engagement from public extension services and other actors to increase awareness about food safety standards. MARD sees as the biggest challenge the lack of farmers' financial resources to enable and fund the investments needed to meet the standards. Consequently, investment support that targets standards among smaller farms that are not eligible for support under the upcoming IPARD II could be one option to overcome this bottleneck in the development of small farms.

3.2.4 Access to finance

Access to finance is one of the key factors that condition growth and modernization of the agriculture sector. Despite the macroeconomic stability in the last 15 years, access to finance has been a major challenge for agriculture sector development in Albania. Indeed, a strong macroeconomic framework is necessary, but it is not sufficient. Other preconditions for functioning financial markets may still be inadequate due to insufficient focus given to developed institutions. Despite the importance of the agriculture sector for the Albanian economy, the share of credits provided to agriculture and fisheries has been historically extremely small (roughly 2 percent of total credits of the banks to the private sector). A survey conducted by UN Women (2016) identified that 73 percent of men and 65 percent of women said they had not visited a bank in the last year.

Microfinance institutions and the savings and credit associations (cooperative banks) have been the most active organizations in providing credit and other financial services to rural areas, including farmers. The Albanian Savings & Credit Union is a leading microfinance institution specializing in financing the agriculture sector. Recently it has been in the process of transforming into a bank, named FED Invest. The aim is to be the leading bank operating in the agriculture sector in Albania. The transformation process has been self-driven and donor-supported. Leasing is another platform that is increasingly being used to finance investment needs. Several financial institutions are active in leasing, offering up to 80 percent of co-finance.

While only 3 percent of women farmers surveyed by DSA (2016b) showed that they have applied for grants, the share of men who have done so, at 10 percent, is much higher. Moreover, official figures show that the number of women beneficiaries is five times smaller than men, in the best case.

The main obstacles for rural businesses and farm households in accessing bank credit and grant schemes, according to the interviews with various experts, as well as (DSA, 2016b²⁴), (FAO, 2016) and (FAO, 2018), can be summarized as follows:

- Collateral is limited in availability, which in turn is related to the absence of a market for land and to the unsolved issue of property rights. As mentioned earlier, farmers in some rural areas have no property titles, and women may legally own land, but it is usually not registered in their

²⁴ Note: The author of this report also has contributed to the quoted DSA (2016b) report.

names. This impedes access to grant schemes. Furthermore, banks avoid using agricultural land as collateral, particularly when situated in remote areas.

- Farms are small in size.
- There are high levels of risk for agrifood businesses, especially at the production level, due to the absence of insurance schemes (with the consequent risk of losing a full year of cash flow due to crop failure) and uncertain access to markets, as formal production contracts between producers and clients such as traders and processing industries are not common and uncertain in actual application.
- Both male and female farmers have a low level of education regarding crediting and financial management. In principle, many farming households prefer to avoid loans, but larger farmers are more likely to have another approach or mind-set.
- The taxpayer identification number (TIN), which is mandatory to apply to grants, is not obtained by many farmers. Even when they obtain it, it is registered in the name of one person per family, instead of in the name of all farm or land owners.
- The farmer's card, which serves as farmer identification, can also be done only by one member of the family farm, what limits women's incentive to make applications, even when they are de facto heads of farms.
- The application procedures to apply to grant schemes are complicated, and there is a high level of mistrust of the benefits of these schemes.
- Lack of health and social insurance payments violates one of the required criteria for accessing to grant schemes, what is documented to be significantly worse in the case of women with children.
- The existence of male dominance on information channels also decreases women's access to financial support (DSA, 2016b and FAO, 2016). In fact, women are seen as "wives of farmers" instead of farmers in their own right (FAO, 2016).
- Informality (see Box 9).
- There is little or no technical understanding in the banking industry about the financial needs of the agriculture sectors.
- Interest rates are high. Despite decreases in recent years, loan interest rates provided to the agriculture sector remain high, at up to 15 percent or more per year. On the other hand, one of the reasons for high interest rates is the high risk.
- Last but not least, there is a lack of information among both female and male farmers regarding different options for financing. Most clients do not have access to information about services or products that the banks offer. They may know about one bank, e.g. Procredit, but do not have understanding of other options.

"Even when farmers apply for a loan or get a loan, they are not properly informed about the conditions and real interest rates. Bank agents should not only market their loans but should inform and assist clients (interview with Besnik Alku, Albanian Local Capacity Development Foundation)."

The lack of information is particularly severe in the case of women. As documented by Albanian notaries, "when the signatures of both spouses are needed for obtaining credit under the current legal system, women are sometimes asked by their husbands to sign documents that they are not fully aware of, even when this means ignoring their own responsibilities or the consequences that the signature can have" (FAO, 2016, p. 13).

The node of the value chain with the highest difficulty of access to finance is farmers, particularly those on small farms, for the reasons mentioned above. Therefore, farms have traditionally relied on remittances (Box 8) and informal borrowing to meet their financial needs. However, a recent decline in remittances is exposing farmers to a higher need for financial support from financial institutions.

Box 8. The role of remittances and agriculture development

In recent years, a number of rural emigrants are returning to Albania. The economic and financial crisis has affected Greece and Italy, where most Albanian emigrants are located, thus resulting in some re-migration. About 16.5 percent of Albanian emigrants have considered returning to Albania following the crisis in Greece and Italy, and 15 percent have considered investing in agriculture (Gedeshi and Zwager, 2012).

Indeed, many successful farms and processing plants are being operated by returning migrants, who bring their savings as well as their know-how (Kilic *et al.*, 2009). There are also cases of successful farms or enterprises initiated in Albania with financial and technical support from family members living and working abroad.

However, the roles and uses of remittances are subject to discussion, and there are different views. Generally, Kilic *et al.* (2009) found that Albanian rural households utilize their non-farm earnings (including remittances) not to invest in time-saving, efficiency-increasing technologies but to move out of crop production. However, for commercial farmers, the same study finds a positive impact of household non-farm earnings on livestock expenditures (Kilic *et al.*, 2009).

A recently launched risk-guarantee program, to be implemented by the European Bank for Reconstruction and Development, is expected to promote lending to the agriculture sector by sharing the risk with financial institutions. This should positively affect access to finance, particularly for farmers, and is expected to contribute to lowering interest rates. However, it is in the early stages of implementation, and it is not clear if it would reach and benefit both women and men, considering gender-based inequalities in accessing credits.

Another major concern is the lack of agricultural insurance for farmers. One agriculture-oriented financial institution, FED Invest, had been trying to introduce insurances for greenhouse farms on a pilot basis, in cooperation with an insurance company. This service has been financed by FED Invest for selected clients. The reason was to demonstrate the usefulness of such services so that farmers may have higher awareness and willingness to pay for insurance. It is true that farmers have limited understanding about insurance, but the challenge is on the supply side, since insurance for agriculture activities is almost non-existent. One project funded by the Government of Italy, called the “Pilot Project for establishing a subsidized Insurance System in Agriculture,” has been making efforts to introduce insurance to the vineyard sector.

Box 9. Access to finance and formalization

A major problem characterizing the agriculture sector has been informality and lack of recordkeeping (book keeping and accounting, but also recordkeeping for production processes). Factors that make it difficult for banks to assess clients include legal informality (when a client is not registered), economic or financial informality (in terms of papers, documentation, etc.), and a lack of internal recordkeeping, which is common in the agriculture sector. For example, in the case of an orchard investment, the farmer may state that the investment is in production of the Golden apple variety and will enter into production the following year, but there is no documentation to prove whether the farmer is really producing Golden apples or nuts, which enter into production later. Therefore, it is difficult to assess a farm's outlook or future development.

There is a lack of reliable collateral that is acceptable to banks. Often, land might be formally registered but is not easy to sell, and therefore the bank does not accept it. Therefore, the guarantee fund is very important.

Even when land is accepted as collateral, only those who are registered as owners may have access to credit. This limits even more women's access to credit, because even if women are legal owners of the land, it is rarely registered in their names. This is particularly negative when the registered persons have migrated, and women are de facto managing the farm.

In the past, most farmers have used no written contracts. However, recently there has been a growing trend of applying written contracts and using bank payments instead of cash. One of the priorities of the previous government (2013–2017) was the formalization of the economy, including the agriculture sector, through a combined stick-and-carrot strategy (more control but also fiscal incentives such as subsidies). As a result, a growing number of farmers have been equipped with a fiscal code. However, one taxpayer identification number is given per farm, even though there might be several owners. Again, this immediately limits women's access to credit and other sources of finance (including grants), particularly when they are the de facto managers of the land.

Nowadays, contracts and bank payments are more common, especially in the dairy industry. This has made it easier to work with dairy farmers, because they have bank accounts. Processors are obliged to pay via bank payments so that their expenses can be recognized. This recent development is part of the growing pressure and incentives for formalization from government policies. Formalization has facilitated improved access to finance for small farmers, too, in this context. Thus, further formalization of the agriculture sector is expected to continue to improve access to finance for small farms, which have been subject to formalization.

Experts view the formalization as a necessary and positive development but, despite the progress, more should be done towards effective formalization for all those working in family farms and all legal owners of the farm and the land, both women and men. For example, formalization of the work carried out by contributing family workers through, for instance, joint titling, would facilitate the access of agricultural workers to social protection, credit, grants and services.

Source: Interview with a senior bank official who did not wish to be identified and (FAO, 2018).

3.2.5 Access to services and inputs

Farmers in Albania, as in other developing or transition countries, face major constraints in realizing high-quality, consistent supplies. This is caused by financial constraints as well as low input quality and a lack of technical capacity, among other things. For vegetables, farmers report that seeds are often of low quality. Usually, these seeds are supplied by local input-supply companies and, in some cases, by buyers (wholesalers) whom the farmers supply (for example, farmers acquire seeds/seedlings of watermelon from the wholesaler/trader who in the end buys the watermelon from those farmers). Cases are also reported of farmers themselves producing the seedlings, aiming at reducing cash costs but resulting in lower performance in terms of yield and quality.

Interviewed vegetable (greenhouse) growers Fitor Velo and Kudret Doga mentioned many challenges, including high-priced inputs that are unreliable and of poor quality, in combination with little or no technical support for farmers on how to use seeds, fertilizers and chemicals.

One agronomist in Peshkopi stated that some local input suppliers sell illegally imported inputs from North Macedonia, which are sold at lower prices compared to other inputs. Small and poor farmers are tempted to buy such inputs to reduce costs, but eventually they may end up with high losses due to weak production performance. The same problem is faced also for olives, vineyards and grapes.

Many olive seedlings have not entered production because the quality of the seedlings was weak or they did not fit the conditions. Local varieties have proven to fit better to climate changes than some imported varieties, according to Silvana Pinari, director of the Albanian Olive Oil Association.

Farmers do not have information about inputs and have difficulty finding information. Advice about input use is still dominated by input traders, but there is a conflict of interest and there should be regulation of this profession (interview with Arben Kipi, FAO, Albania).

Public extension services do not have the resources (they are too few) to reach out to all farmers. Also, according to Ylli Subashi, deputy director and specialist with ATTC Lushnje, and Ladi Pashaj, specialist with Agriculture Directorate Fier, input suppliers – who are the main source of advice – often are not competent or have a conflict of interest in that they may advise farmers to use more quantities of pesticides in order to sell more. In some cases, for example, depending on the type of greenhouse, size and height, some farmers may need more pesticides and some farmers may need less, but recommendations for the use of pesticides generally are not adjusted according to specific situations and needs.

These views are also confirmed by a recent farm survey (Imami *et al.*, 2017) (no sex-disaggregated data available). Slightly fewer than two out of three farmers (62 percent) disagree or strongly disagree that agricultural inputs are being provided by private traders at a fair price.

Table 26. Farmers perceptions about inputs

Category	Farmers assessment	Count	% of total
Agricultural inputs are being provided by private traders at low price	Strongly disagree	127	31.6%
	Disagree	119	29.6%
	Neither agree nor disagree	86	21.4%
	Agree	63	15.7%
	Strongly agree	6	1.5%
Private input traders make price discounts for their stable clients	Strongly disagree	115	28.6%
	Disagree	102	25.4%
	Neither agree nor disagree	60	14.9%
	Agree	98	24.4%
	Strongly agree	27	6.7%
Private input traders provide inputs at decent quality	Strongly disagree	93	23.1%
	Disagree	106	26.4%
	Neither agree nor disagree	97	24.1%
	Agree	95	23.6%
	Strongly agree	11	2.7%

SOURCE: IMAMI ET AL., 2017.

The quality of inputs and the way that they are used exposes risks to human health. It is common that farmers harvest after fertilizing or using pesticides, disrespecting the required period between this process and harvesting necessary to ensure low residuals. Additionally, according to interviewed experts, there are still imported inputs that are forbidden by law.

Farmers tend not to comply with requirements even when they are aware of them. For example, most farmers know that they should not use milk produced by cows treated with antibiotics (during the treatment period, for example), but they still use or sell the milk anyway. In most cases, they are also informed by input suppliers about when to use inputs, but many don't care because there is no control at farm level about compliance, according to one interviewed expert (interview with Sabah Sena).

Access to services

The market of services in the agriculture sector is supplied by these categories of operators:

1. The public extension service, which is generally considered to be minimally effective because it is underfinanced and understaffed. In recent years it has undergone a phase of complete restructuring, with some responsibilities and staff transferred to local governments. It is not yet clear how the new public extension services will work.
2. Individual technicians and veterinarians providing basic technical advice to farmers and breeders.
3. Highly-qualified service providers, based in Tirana or in main production areas, whose main clients are development projects and commercial enterprises. These service providers are often linked to the universities (being or having been in academia or in high-ranked public offices).

Extension services have had gaps in economic/management/marketing/accounting expertise. They also have often been without the services of a zoo-technician, which is a must to assist livestock farmers

to improve efficiency, according to interviews with inputs/animal feed traders.

A previous study, carried out before the last extension reform (Skreli *et al.*, 2014), shows that the government extension service has not had any impact in increasing farm size. Furthermore, it has had no net impact on increasing areas under fruit plantation. The impact of the government extension service on the adoption of new technology is limited, and so is the impact on increases of crop yields. Therefore, the extension service has had no net impact in terms of increased fruit production and fruit farmers' income in Albania. Furthermore, the impact of the scheme on employment increases is also limited (Skreli *et al.*, 2014).

Women in rural areas, especially those born in the last three decades and without access to agricultural vocational education, had less access agricultural advisory services (DSA, 2016b). The number of women beneficiaries of extension services increased from 5 percent in 2011 to 10 percent in 2015 (FAO, 2016). Even though extension services provide direct support to some women farmers' associations, in most cases the mobilization of farmers is carried out via male-dominated channels of communication (FAO, 2016). Women's access to any services is constrained by perceptions concerning participation, improper venues and time for meetings, and the lack of attention to men's and women's concerns in program meetings (FAO, 2016). Moreover, male dominance in the advisory services staff in rural areas motivates the presence of men and impedes the participation of women (DSA, 2016b).

Box 10. Case studies related to impact of services

The Association for the Development of Agriculture in Mountain Districts (ADAD) was established with the support of FERT (Organisation Professionnelle Agricole Française). FERT provided technical assistance and procured inputs to agricultural producers in the Dibra region. ADAD assists 20 groups of farmers in Dibër, Kukësand Korçë who are specialized in orchards and six additional groups engaged in other activities. Each group is composed of 15 to 25 members who receive training and technical assistance. The assistance includes the implementation of new technologies and the introduction of new products or types of fruits, such as cherries. Members pay a modest contribution; the costs of most activities have been covered by donor projects, which also enable participation in fairs. Study tours are organized to various countries and within Albania itself, with the support of various donors.

Case study of the impact of technical assistance for a small farmer

According to the director of ADAD, the farmers who have received assistance have benefited from higher income due to better yields and quality. One such farmer, Pellumb Faruku, owns 0.4 ha of apple orchards in Dibër. He approached ADAD to receive training and technical assistance regarding production technology, including the proper use of fertilizers and pesticides. Training and technical assistance are important to optimize their use, avoid unnecessary expenses, and improve the performance. After he received the support, his yield and quality improved, and the higher quality enabled him to sell quickly at a higher price. He spent ALL 150 000 (EUR 1 100) for inputs, but his gross income was ALL 700 000 (EUR 5 200). This net income of more than EUR 4 000 enabled him to meet the basic needs of his household and engage in basic investments to grow the orchard. Thanks to the support, the farm's net income doubled.

Another success story is that of Vahip Salkurti. He started with 0.2 ha of orchard planted in 2001 with the assistance of ADAD, who have him both seedlings and technical assistance. Today, he has 7 ha and has been assisted in every step by ADAD. He has recently invested in storage and processing facilities to process apple juice.

Case study of the impact of technical assistance for a group of small farms

In the early 2000s, ADAD employed an agronomist, Burhan Shehi, to provide assistance to member farmers. The agronomist was trained by ADAD in France and also gained significant experience in the field working for the association. After FERT withdrew its support for the association, Burhan continued to provide counselling on a private commercial basis to a group of 20 farmers who had previously benefited from technical assistance, receiving higher incomes due to higher yields and prices for new, high-quality varieties. So, innovation is also an important success factor, as the introduction of new varieties of cherries and apples created demand from farmers for the services of an agronomist. Specialization is another success factor; Burhan specialized in services for new products and varieties. This was a successful case of a donor-financed project. The agronomist did not see the work in this project only as a source of income from a salary, but as an opportunity to learn, grow professionally, and meet market demand for his services. This, unfortunately, is an exception. After projects close, there are few examples of sustainable relationships between service providers and end users, such farmer groups.

Source: Interview with Hafuz Domi, director of ADAD; Burhan Shehi, agronomist/specialist, and Vahip Salkurti, farmer and processor.

Box 11. Case Study: citrus in Saranda

The region of Saranda in south Albania offers particularly favourable conditions for citrus growing. Citrus fruit has been traditionally cultivated in this area, but recently the specialization for soft citrus growing has emerged. In 2006, there were around 100 hectares of citrus (mostly tangerines and clementines) planted in Konispol (part of Saranda), and this number has now increased almost tenfold, mostly of mandarins. USAID projects (particularly the USAID Albanian Agriculture Competitiveness project) have been working with growers and the community since 2007 to revitalize citrus production, focused on improving yield, quality and safety standards through training and assistance to producers. Assistance also has been provided to extend the harvesting period to avoid the so-called “one-month boom” and to find new markets abroad, beginning with Kosovo²⁵ (construction of the new national highway connecting Kosovo with Albania has been another additional factor contributing to increased export). Introduction of other/alternative citrus varieties with both earlier and later harvesting times give local farmers the possibility of enlarging the market supply time and reducing the import of this crop, which has clearly demonstrated to be successful not only in the area of Saranda but in the other regions of the country as well. For this purpose, a demonstration plot for different varieties of tangerines (early and late varieties) and citrus trees other than tangerines was financed and established by AAC/USAID’s project in 2011–2012.

²⁵ References to Kosovo shall be understood to be in the context of the Security Council Resolution 1244 (1999).

The USAID projects also have supported investments and have contributed to improved road access to farms and to the establishment of a collection point. Owing to the increase in citrus production in this region and elsewhere in Albania, imports have significantly decreased, and a large part of the production is exported to neighbouring countries and to Eastern European countries.

Source: Interview with Sabah Sena (expert, former USAID AAC expert) and desk research.

FARMERS' AND EXPERTS' VIEWS ON SERVICES

While the coverage of public extension services is limited, as shown above, private advisory services are the main source of advice for most farmers. Only about half of the farmers perceive that the quality of advice they get from private advisory services – often from input suppliers – is high; thus, strengthening the capacities of private extension services is necessary.

Table 27. Farmers view about access to services and technology – answer to the statement “Advice on technology is being provided by private consultants/experts at high quality.”

Farmers assessment	Count	% of total
Strongly disagree	27	6.7%
Disagree	60	14.9%
Neither agree nor disagree	107	26.6%
Agree	167	41.5%
Strongly agree	41	10.2%

SOURCE: IMAMI ET AL., 2017.

Despite the availability of grants and loans, farmers do not have enough information, and there is a need to establish information points for farmers to find information about all available options for support and financing. Furthermore, such centres can provide direct support for farmers on filling in and submitting applications. Even if they do have information, which many don't, some farmers cannot find support on applying for grants. A group of “development experts” who can assist farmers on such issues should be prepared, and these experts should be trained on the preparation of business plans and on organizational development (interview with Besnik Alku, agriculture and rural development expert, ALCDF). Indeed, the government has made an effort to tackle this gap by establishing under ARDA/AZhBR “Agropika,” or “Farmer’s Window,” which are service delivery units that provide application information, information for access to finance, extension support, and other services. In early 2018, there were established five such offices/points, which were operational when the call was launched for the current year governmental agriculture subsidies. The aim is to have a total of 20 by the end of the same year.

Box 12. Best practices of technical assistance for farmers

Trainings are useful for topics where there is great interest and curiosity among farmers. For example, knowing that farmers were concerned about the postharvest of fruits, the SNV Pro Mali project financed a consultant to prepare a manual and provide training to the farmers, which was very interesting for them. Such training was done simultaneously with farmers and traders so that they could build a common understanding about postharvest, combining the views of farmers with those of traders who store food about why and when to harvest. It is beneficial to combine actors at different nodes of the value chain (Interview with Engjell Skreli).

In terms of technical assistance, farmers need field visits and demonstrations. They are tired of classical trainings; they need to see and touch during field demonstrations, and they need to visit other successful models. For example, participants in study tours organized by the Swiss Import Promotion Programme (SIPPO) benefited greatly from new ideas, lobbying and the shaping of common understanding while establishing new contacts, both internally and abroad (Sokol Stafa, director of Albinspect).

Regarding production technologies, a group of cherry farmers from Dibër visited orchards in Spain and learned new techniques on pruning to enable better yield and quality. Other farmers learned simple techniques – and acquired simple equipment – for harvesting Boronice (bilberry), which enabled them to preserve quality by preventing damage to both trees and fruit during harvest. Regarding irrigation, in Korçë there are some farmers who use tractors as generators for irrigation pumps. This is a simple and cost-effective technology, but it is not known or applied in other parts of the country (interview with Besnik Alku).

As a result of training provided by various donor projects (FAO, SASA, etc.), some olive processors have implemented specific requirements regarding the harvesting period, the timing of deliveries to the processing line, and the condition of the olives. These are typically the small, modern processors who produce high-quality extra-virgin olive oil, such as Shpresa Shkalla, Vesaf Musai and Valentina Postoli. These processors ask their farmer suppliers to harvest and deliver olives just before complete ripening to get higher-quality oil. These processors are also those ones who are more frequently winning quality awards in national and international competitions (interview with Vesaf Musai and Valentina Postoli).

Vien SHPK is a large family dairy cattle farm, in operation since 2005, with more than 350 milking cows. Its manager and owner, Ndine Ndoni, largely attributes the farm's improved milk quality and management to a cooperation with MEGGLE, which was its client for several years. MEGGLE, a leading European dairy processor that started its activity in Albania in the 2000s, worked closely with milk-supplying farms to improve milk quality and formalize business operations. MEGGLE provided technical assistance for its supplying farms and applied strict policy pressure towards its suppliers regarding milk quality. This cooperation resulted in a change of mentality and professionalization for farmers like Ndoni.

Therefore, processors should be considered as key actors through whom to reach farmers.

Farmers can better read small leaflets or brochures than detailed catalogues. Another effective way to reach out to female and male farmers has been local TV channels; public extension services have in the past often appeared on local TV stations to advise farmers about technologies, plant protection and more.

Some farmers returning from migration come with excellent experience and know-how that often exceeds that of local specialists; such farms can be considered as a very good reference model by others, according to interviews with Ylli Subashi, deputy-director and expert at ATTC Lushnje, and Ladi Pashaj, a specialist with the Agriculture Directorate in Fier.

A lack of innovation persists. Farmers can think that they know everything, but they often lack awareness and an understanding of the cost-benefit relationship regarding decisions (interview with Engjell Skreli).

Box 13. Case study: successful initiative in early transition related to extension services and service provision

The USAID funded International Fertilizer Development Centre (IFDC) project “Assistance to Albanian agricultural trade associations supported associations 1999–2003” provided support for the establishment of associations and provided technical assistance to input traders, processors (such as meat processors, olive oil processors and flower mills) and chicken producers, initially individually and later through the established associations.

Several associations were founded: the Albanian Fertilizer and Agricultural Inputs Dealers Association (AFADA, an input association), the Albanian Edible Oil Association (AOA, now named the Albanian Olive Oil Associations), the Albanian Meat Processors Association (now integrated with and cooperating with ADAMA), the Albanian Poultry Farmers Associations (APFA), and the Unionii Prodhuesvete Miellit (UPM, the Union of Flour Production).

IFDC established the Keshillii Agrobiznesit Shqiptar (KASH, the Albanian Agribusiness Council), as an umbrella association; some of these associations may nowadays be members of KASH.

The project provided capacity building for the establishment and management of associations. IFDC organized activities related to the functioning of the associations, assisting them with business plans, networking and more.

IFDC introduced and strengthened the notion of private extension services:

- IFDC assisted traders of inputs and agrifood processors in obtaining loans by helping them prepare business plans, applications and more; thanks to IFDC's support, it was easier for traders and processors to obtain loans.
- IFDC helped input traders find suppliers and helped processors find equipment.
- IFDC assisted in introducing new technologies, such as Israel Greenhouses. IFDC provided production technology assistance during the first year for such greenhouses.
- Provided olive oil processors with technical assistance and training to help them produce high-quality olive oil.
- IFDC provided field demonstration for inputs.

Marks of success:

- IFDC introduced the concept of working in associations through cooperation and competition, strengthening segments of the agrifood value chain.
- IFDC introduced the concept of lobbying through associations to government in the process of policy making, etc.
- Associations became self-sustainable, remaining even after the project was over.
- Local private extension capacities were strengthened, particularly in the case of input suppliers, who nowadays are a main source of assistance and info for farmers.

Source: Interview with Ylli Bicoku, former IFDC expert.

3.2.6 Education, research and development, and innovation in the agriculture sector and especially related to smallholders

The Agricultural University of Tirana and the Faculty of Agriculture of the University of Korçë are the only higher education institutions that offer degrees in agriculture-related sciences. Both of these universities are public, and so far, no private university has been active in this field.

The Agricultural University of Tirana (AUT) was founded in 1951. AUT is the unique centre for undergraduate and graduate studies, scientific research, training and extension in the area of agriculture, food and environment. AUT offers research and education at various levels, with bachelor's, master's and doctoral degrees in various fields, such as animal production, horticulture, aquaculture and fisheries, environment sciences, integrated rural development, marketing, finance and more; these are the main focus fields for development in Albania as well as for the Western Balkans. AUT is among the largest sector academic institutions in the Western Balkans, and it includes about 300 academic staff. The number of enrolled students recently reached about 15 000; the number of university graduates in agricultural disciplines has increased by almost ten times as a result of an increasing number of enrolments since the early 2000s. Although in tertiary education 68 percent of university students are women, 98 percent of students of agriculture, forestry and veterinary sciences are men and only 2 percent women (INSTAT, 2018).

Access to tertiary education is directly linked to the economic status of the family: 28 percent of women

and 31 percent of men from the highest wealth quintile have some university education, while only one percent of both sexes from the lowest quintile have access to tertiary education (FAO, 2016).

Regarding secondary education, the number of agricultural vocational schools is very low, and the number of graduates of agricultural vocational high schools is insignificant compared to the pre-transition period, when it was common for most residents in rural areas to attend vocational education and training (VET) schools. During transition, the number of students and graduates dropped significantly, to a few hundred during the 2000s, while in recent years there has been a marked increase, to almost 2 000. VET is clearly male dominated, with a ratio of 367 men for every 100 women (FAO, 2016).

Vocational schools and adult training centres are mainly located in urban Albania, while they are almost absent in rural parts of the country (FAO, 2016). In recent years there have been 11 public vocational education schools offering qualifications in the fields of agriculture, agribusiness, agro-processing, food technology, and veterinary; these schools are in the regions (*qarks*) of Tirana, Durrës, Shkodra, Berat, Korçë, Fier and Elbasa.

Vocational schools usually enroll students with low average grades. This situation contributes to such issues among students as low academic achievement, low motivation, inability to absorb the learning materials, failure, and school dropout. Making vocational education appealing to high-performing students is considered one of the most important challenge.

Vocational education quality evaluations (e.g. the Census of Population and Housing and the PISA survey) highlight concerns about the deterioration of education in rural areas because of low investment in infrastructure such as proper teaching facilities and human resources, along with the distant location of many VET institutions. As a result, rural households are more reluctant to send their children to VET schools.

The main problems identified are: (1) insufficient collaboration with VET institutions and a lack of awareness among business actors; (2) insufficient knowledge among teachers of technology and process management; (3) underperforming students and inadequate skills and knowledge; and (4) inadequate quality of infrastructure (Gerdoci, 2016).

Another important aspect is training. On-the-job training is the most common method used by operators to train their workforces. Farmers and breeders are usually trained by local and international experts, in the framework of capacity building initiatives financed by government agencies or donor organizations. Additionally, extension services in cooperation with Agricultural Technology Transfer Centres and the Agricultural University of Tirana have been active in delivering different types of training to farmers in various sectors.

The most active actors in training and technical assistance for farmers are input suppliers, who often cooperate with extension services.

Research and innovation

The Albanian Government has undertaken major reforms in agricultural research dating back to 2006. Five Agricultural Technology Transfer Centres (ATTCs) have been established with the mission of technology transfer. They are under the management and monitoring of MARD.

The objectives of the ATTC system are in compliance with the Inter-sectoral Strategy for Agriculture and Rural Development (ISARD) objectives, and most of the tasks carried out in each of the ATTCs are relevant in this context and for target groups in the agricultural sector. The geographical specialization is in line with the agricultural specialization in the region or district where the ATTC is located, and the activities covered by the individual ATTC are relevant for the development of the sector in the region. However, the relevance of activities is reduced due to the lack of integration of economic assessments and feasibility estimations in the work. This is the case for the applied research solutions intended for farmers, and it is the case for policy advice to MARD. The ATTC system must be developed further in order to enhance the contribution to the development of the Albanian agricultural and agri-processing sector. MARD should improve the strategic planning and management of the ATTC system. This could lead to a better demarcation and division of the tasks between the Agricultural University of Tirana and the extension services of the ATTC. It could also lead to better internal coordination in the ATTC system itself (Stamo and Kvistgaard, 2017).

Fundamental scientific research remains at universities such as the Agricultural University of Tirana. AUT possesses assets and facilities related to applied research, such as the Aquaculture and Didactic Economy Lab in Tapiza, the Plant Protection Lab, the Institute for Plant Genetic Resources, the Food Research Centre, the Wood Processing Workshop, the Veterinary Clinic and the Botanical Garden. The level of the research performed by ATTC and AUT is modest due to a lack of resources, as shown below. Budgetary funds are low for research and development and transferring to agricultural producers.

Box 14. Case study: The Prognosis Centre for Pest Disease Protection, a technological innovation in the fruit sector in Albania

The SNV Pro Mali project has supported the establishment of a prognosis centre for controlling diseases and pests for orchards farmers in the Korçë region. The centre, located at ATTC Korçë, was a useful tool for farmers because it enabled higher plant protection effectiveness against pests, resulting in increased production, improved fruit quality and safety, and reduced plant protection expenditures.

The system is very user-friendly. Apple producers could call a specific phone number to receive automatic information and counselling on the spraying strategy at a specific time.

The technical system of the prognosis centre consists of:

1. a weather station, which collects data on weather conditions (temperatures, rainfall, air humidity, solar lighting, etc.);
2. a spore detector, which detects whether spores have been released in nature;
3. a computer server where the weather data is retrieved and stored; and
4. a computer program that simulates the possibility of the occurrence of diseases based on weather data. The system uses the latest technology for modelling diseases and pests in apple orchards and has turned out to be very useful for disease control.

The forecasting system of the prognosis centre was transferred to ATTC Korçë, which was responsible for maintaining it in cooperation with other institutions, such as AUT. However, due to gaps in human resources management, ATTC Korçë did not continue to maintain and run this innovative system (the person that had been trained for the project left ATTC and was not replaced).

This is a clear example of how useful innovation can be in the agriculture sector, especially in plant protection, but also how important and challenging it is to achieve sustainability.

Source: SNV Pro Mali annual report 2012 and interview with Engjell Skreli (professor at AUT and former SNV senior consultant).

3.2.7 Local action groups and rural development

According to a survey conducted by the Albanian Network for Rural Development (ANRD, 2016), 11 of a total of 23 surveyed organizations (48 percent) reported that they had implemented projects for the establishment of LEADER-type local action groups or other community-led local development initiatives in the past five years.

Through various development project initiatives, capacity-building efforts have been undertaken throughout the country. Development strategies and action plans have been drafted and are available

at local, sub-regional and regional levels, including cross-border areas, along with other strategic documents for the development of the territory. Pilot studies that aim to identify cohesive territories with similar development potentials have been carried out, with the potential to facilitate concrete actions at the sub-regional level for the creation of local action groups and LEADER approach application (Zhllima, 2017).

Programmes that have been shown to work effectively and produce successful outcomes were supporting grants schemes such as MADA, UNDP²⁶ and ALCDF.²⁷ These programs attempted to implement investment at local level based on participatory processes and local decision-making. The aim was not only to support investments in these areas but also to strengthen collective action and partnerships among various stakeholders. However, after these programs ceased, there remained no trace of regrouping, active and systematic meetings, or gathering for similar purposes (Zhllima, 2017). Nevertheless, since some capacities were developed and there was some experience gained, donors and local government should trace back the experiences created so far and make attempts to update the networks based on the remaining human resources and institutional memory of these groups.

3.3 Natural resources: Irrigation, drainage, environment and climate change

3.3.1 Water and soil

Albania is one of the richest countries in the region in water resources such as lakes, rivers, springs and lagoons. Agriculture is the second-largest water user after the energy sector and relies mainly on surface water. Through hydropower, water is also the main source of energy production. Regarding water quality, there have been historically sufficient reserves of good-quality water. However, there have been high levels of water losses, increased risk of pollution and quality deterioration. Ground water, which constitutes the main source of drinking water, has deteriorated due to the obsolete supply system and intersections with sewage water collection.

²⁶ A suitable scheme for improving dialogue is the UNDP Community Development Organizations experience. In this approach, groups are based on village level. The level of formalization is lower than in the case of local action groups, but the easiness in achieving trust and enhancing accountability is higher. In such small groups, the prioritization of intervention, the identification of interests, the balance of power and the establishment of trust is much easier (Zhllima, 2016).

²⁷ ALCDF has implemented and supported 141 local initiatives aimed at scaling local solutions in local government, forestry, agriculture and tourism. In the frame of the "Leveraging the Capacities of CSOs in the North of Albania for betterment of biodiversity and environment protection" project, local initiative funds have been established to finance small projects in the targeted area, addressing conservation and enhancement of biodiversity, sustainable management of natural resources, and the fight against climate change. Capacity-development facilities (platform for knowledge, mentoring, and networking for environmental CSOs in North of Albania) have been applied (Zhllima, 2016).

Major problems regarding the quality of water relate to pollution from settlements and from farms that have failed to meet environmental protection requirements (MARDWA, 2014).

ACCESS TO IRRIGATION AND DRAINAGE POSITIVELY AFFECTS BOTH LARGE AND SMALL FARMS.

The responsibility for the management of secondary and tertiary irrigation channels has now shifted to local government units (LGUs), while the central government maintains responsibility for the management of primary irrigation channels. LGUs are entitled to collect tariffs from users, which might cover running costs but not rehabilitation; LGUs need support from the central government on the latter. Long-term support should foresee the improvement of the capacities of water reservoirs, according to Irfan Tarelli, from MARD. For the areas under irrigation, it is recommended to support the development of drip irrigation for market-oriented farms.

Despite rich water resources and recent infrastructure improvements, the level of is still low, about 60 percent of potential irrigation land is irrigated.

Table 28. Access to irrigation, 2017

Prefecture (Qark)	Agriculture Land	Potential Irrigation	Current Irrigation	% irrigated
Berat	52 919	14 116	8097	57
Dibër	41 078	25 285	12309	49
Durrës	40 568	19 853	9188	46
Elbasan	73 364	35 266	17424	49
Fier	217 217	80 335	64867	81
Gjirokastër	45 151	18 833	11049	59
Korçë	51 423	37 085	24750	67
Kukës	25 221	11 347	7258	64
Lezhë	35 188	25 585	19135	75
Shkodër	46 115	34 520	17780	52
Tiranë	49 571	25 095	15030	60
Vlorë	62 556	33 097	18130	55

SOURCE: INSTAT AND MARD

Soil erosion is present, especially on the non-fertile land in the hilly and mountainous areas. Various forms of erosion are reducing the fertility of the soil as a result of the removal of nutrient elements. The main factors that cause erosion are terrestrial and climatic factors, such as rainfall, altitude above sea level, the slope of the terrain and plant coverings, and human factors, such as deforestation, poor hydro-technical management of steep agricultural land, low levels of investment for maintenance of agricultural land, forest fires and pastures. Most territory is endangered by or exposed to erosion. Soil salinity in Albania affects mostly the western coastal plains, which are under the influence of the Mediterranean climate and characterized by dry summers and wet winters. A high rate of evaporation during the summer causes increased salt concentration in the soil surface. In winter, if the soil is draining optimally, high levels of rainfall cause the removal of salts in the deeper layers. Poor drainage conditions, however, increase groundwater levels and represent the main source of soil salinization.

Saline lands generally cover lowland areas along the coastline, often below sea level. Many factors recorded in Albania affect fertility reduction and the degradation of agricultural land, including the low and unbalanced use of organic and mineral fertilizers and plantation strategies, ineffective plant protection measures, inadequate subsistence farming techniques, ineffective measures to ensure drainage, flooding, and increased erosion due to uncontrolled deforestation (MARDWA, 2014).

Soil loss varies year to year, in conjunction with weather conditions, as shown in Table 29: Soil loss by year, 2010 to 2015.

Table 29. Soil loss by year, 2010 to 2015

Years		Average values (tonnes and ha)
2010	ton / ha	20.25
	m ³ / ha	11.25
2011	ton / ha	10.65
	m ³ / ha	5.92
2012	ton / ha	13.6
	m ³ / ha	7.56
2013	ton / ha	9.5
	m ³ / ha	5.3
2014	ton / ha	14.1
	m ³ / ha	7.8
2015	ton / ha	13.4
	m ³ / ha	11.2

SOURCE: INSTAT, 2017 (DATA PROVIDED TO INSTAT BY MINISTRY OF ENVIRONMENT).

A survey carried out in early 2017 among greenhouse and watermelon farmers (typically those who are market- or export-oriented), reveals that only about one-fourth of the farmers have carried out a water or soil analysis (Imami *et al.*, 2017). That is worrying, considering that investments – especially in the case of greenhouses– are considerable, while soil salinization is a major concern in the regions where the greenhouses are. As a result, many farms are characterized by low performance in terms of yield and production quality.

3.3.2 Use of agriculture inputs

USE OF PESTICIDES

Intensification of the agriculture sector, which has taken place during the second half of the 2000s and throughout the 2010s, is naturally expected to be associated with higher levels of the use of pesticides.

Quantity is one issue, and the type of pesticides and the manner in which they are used is another concern. Various interviewed farmers and experts (in the context of this study) state that there are serious issues related to the quality of some pesticides that may affect agriculture production performance in addition to human health and environment. Experts confirm that there also is a concern regarding the quantity or time of use of pesticides by farmers, which again might have similar consequences. Farmers often lack know-how and are typically advised by input suppliers who might, in some cases, tend to orient farmers towards the types of pesticides and inputs for which they have higher margins rather than towards the best or most effective ones. There also is a risk of orienting towards overuse of pesticides. Improper use of inputs also is causing water pollution, exposing future agriculture production and human health to serious threats. The concerns and problems are similar regarding fertilizers.

In terms of use of pesticides, there are strong differences from region to region, depending on the level of intensification of agricultural activities. For example, regions characterized by intensive agriculture –especially Fier, where the greenhouse cluster is concentrated – use much more than Dibër or Kukës, where farms are smaller but agriculture is still largely extensive (MAFCP, 2012).

USE OF FERTILIZERS

Albania uses far more (double) fertilizers than similar countries like the Republic of Moldova, but far less (almost half) than Serbia or neighbouring Italy, whose agriculture sector is more intensive.

Table 30. Fertilizer consumption, kg/ha of arable land, 2014

Country	2005	2010	2014
Italy	172	123	131
Republic of Moldova	9	11	40
North Macedonia	62	67	72
Serbia		144	157
Albania	112	97	88

SOURCE: WORLD BANK ([HTTP://DATA.WORLDBANK.ORG/INDICATOR/AG.CON.FERT.ZS](http://data.worldbank.org/indicator/AG.CON.FERT.ZS)).

There are strong differences between various regions regarding the use of fertilizers. As expected, there is higher use in the most intensive agriculture regions. The latest available figures are of 2012 (MAFCP, 2012).

Similar to the case of pesticides, with fertilizers there are concerns about the type, manner and time of use, all of which affect not only agriculture production performance but also human health and the

environment. Farmers have limited understanding and awareness regarding agriculture inputs. For example, Imami *et al.* (2017) confirm that more than two-thirds of surveyed farmers have little or no understanding about chemical residuals (from fertilizers, pesticides, etc.).

Table 31. Answer to the question: "Do you have knowledge about chemical residuals (from fertilizers, pesticides/herbicides, etc.)"

Answer	Frequency	Percent
Not at all	157	39.1
Limited	128	31.8
So-so	86	21.4
A lot	30	7.5
Total	401	100.0

SOURCE: IMAMI ET AL., 2017.

Major problems regarding the quality of water relate to the pollution level of settlements and farms that fail to meet environmental protection requirements. In many settlements, there is a lack of safe places for storing manure on farms and a lack of sewage systems. The transmission of nitrogen, phosphorus, pesticides, sediments, and salts from agricultural production to surface water and groundwater is an important source of water-quality problems, and it is a growing concern in Albania. Investments in the treatment of waste and the education of farmers, as well as the enforcement of legislation, are priorities (MARDWA, 2014).

Box 15. Use of agriculture inputs, water and ecosystem – the case of Shkodra lake

A recent study in the region of Shkodra (Rama, 2017) showed that overall amounts of agrochemical use are within optimal levels in both pesticides and chemical fertilizers. However, close attention needs to be paid to those hazardous substances that were widely used during the transition period and even earlier, such as Parathionmethyl and Trichlorfon, since they may still be informally used by farmers. These substances, which have been banned from use in Albania, require monitoring due to high toxicity levels and could have detrimental impacts on the ecosystem of nearby Shkodra Lake and on the surrounding environment. Also, the use of chemical fertilizers – both nitrogen and phosphorous – may require monitoring since excessive use by specific farmers could be taking place. The average rates of agrochemical application, despite being low, have been increasing, similar to the increasing trend in fertilizer imports at the national scale.

The amounts of agrochemicals used in the study area are likely to increase further in the future. The average yields for most of the crops are below commercial yields, and thus improvement in yields would lead to higher application of inputs, including agrochemicals. Farmers lack awareness and knowledge related to appropriate agrochemical use and often rely on reactive measures for crop protection. The existence of a large number of farm households, characterized by considerable differences in capital endowments, market orientation and agricultural intensification, has influenced in the varied application of agrochemicals.

Improving and preserving the ecological and biodiversity quality is a challenge. The short-run challenges include the identification and accurate assessments of point-source and non-point-source pollutants and establishing a solid long-term monitoring programme to enable sustainable management.

Source: Rama, 2017, and interview with Klodjan Rama (natural resource management researcher).

3.3.3 Biodiversity and climate change

Albania is distinguished by its biodiversity and has rich biological and landscape diversity. This diversity can be attributed to the country's geographic position in addition to geological, hydrological, climatic, soil and relief characteristics. There are many globally threatened species in Albania. Deforestation is one of the threats posed to biodiversity and is considered a major environmental problem in Albania. Forest areas have decreased in recent decades due to deforestation done either to collect fuelwood or to increase areas of pasture land. Overall, forests have registered a decline of about 10 percent in the past 50 years (MARDWA, 2014).

Biodiversity is interconnected and interdependent with climate change. Biodiversity is negatively affected by climate change. The level of awareness of climate change and its negative impacts is growing, both in the public and among state officials. Floods are becoming an increasing problem, especially in the north-western part of the country, although they also occur in other areas of the low country. A chain reaction is caused by deforestation, overgrazing and erosion, culminating in floods. Gravel

in riverbeds damages protective embankments, and drainage systems also lead to flooding. Future climate change is expected to negatively impact river flow, which in turn will affect the generation capacity of hydro-power plants (MARDWA, 2014).

Climatic changes affect mostly products produced for the export market, which require standards. It is important to introduce varieties and techniques that fit to climate change conditions, learning from other countries that have faced some climatic changes, according to Endrit Kullaj.

Artan Zaimi, an apple grower in Korçë, highlights the increasing concern regarding hail, which has damaged many farms in recent years. The intensity of hail has increased, and there is a fear that it might get worse. There is a need to support investment in protection of orchards, such as through the use of nets, and to make insurance available for farmers (see also the section on access to finance 3.2.4).

There should be awareness about climatic changes, e.g. how to prepare for hail and freezing and how to handle the effects of climatic changes at farm level. Which are the infections that can grow under specific conditions? If this knowledge is in place, better and more efficient use of inputs could be achieved (interview with Arben Kipi, FAO, Albania).

3.4 Rural development

3.4.1 Population

Albania had a population of 2.8 million as of the last population census, done in 2011 (Table 32: Structure of the adult population, 2011). This marks a significant decrease from the 2001 census, when the Albanian population exceeded 3 million. This decrease is the result of both emigration and lower birth rates. The average age of the population increased from 30.6 years in 2001 to 35.3 in 2011. The old-age index, the percentage of the population 65 years and older, is higher than in any previous Albanian census. The substitution index, the percentage of the population younger than 15 years old, dropped from 29 percent in 2001 to 21 percent in 2011 (INSTAT, 2011).²⁸

Albania has been a predominantly rural society before and during communism. Early in the transition after 1990, about two-thirds of the population lived in rural areas. However, because of mass migration, the urban population (53.5 percent) exceeded the rural population (46.5 percent) for the first time in the 2011 census.

Table 32. Structure of the adult population, 2011

Age	Total			Rural		
	Total	Male	Female	Total	Male	Female
Total	2 800 138	1 403 059	1 397 079	1 301 630	660 388	641 242
0–14	578 566	301 711	276 855	287 729	149 581	138 148
15–64	1 903 987	949 656	954 331	867 720	440 059	427 661
65+	317 585	151 692	165 893	146 181	70 748	75 433

SOURCE: INSTAT (BASED ON CENSUS 2011 DATA).

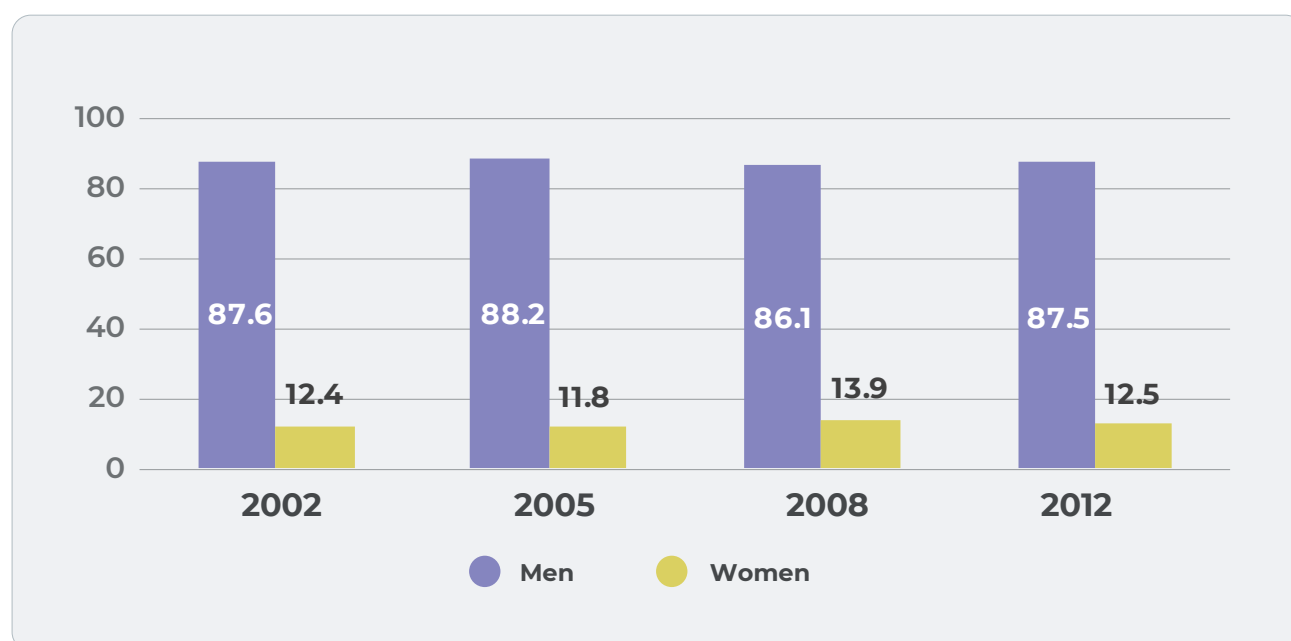
According to the National Civil Register, the population of Albania during 2016 was more than 4.3 million inhabitants, while according to INSTAT data the average population in 2016 was less than 2.9 inhabitants. This difference is considered by the Government of Albania as an indicator of Albanian citizens living abroad, namely, one third of Albania's population (Ministry of Internal Affairs and Albanian State Police, 2017).

While during the 1990s outmigration was male-dominated, in 2010 women comprised 41 percent of Albanians living in Italy and Greece (Stecklov, Carletto, Azzarri and Davis, 2010). Female migration occurred primarily in the context of family reunification, and daughter-only migration for employment occurred when the household lacked sons (Stecklov, Carletto, Azzarri and Davis, 2010). However, after the economic crisis of 2008, men found it more difficult to gain employment abroad than women, who mostly work in the care industry. Consequently, families living in Albania and abroad have become increasingly dependent on women's salaries. Internal migration, from rural to urban locations, is female-dominated, as evidenced when comparing the sex ratio of rural areas (113 men for every 100 women) with the sex ratio in urban areas (94.7 men for every 100 women).

²⁸ www.instat.gov.al/media/.../main_results__population_and_housing_census_2011.pdf

Life expectancy for women is 80 years, and for men 77 years, while the sex ratio at birth is 1.11, that is, for every 100 born girls, 111 boys are born (INSTAT, 2018). This sex ratio, higher than the natural ratio of 1.05, evidences son preference and sex-selective abortions, despite them being outlawed under the 2000 "Law on Reproductive Health." This might evince families' lower interest in investing in girls because their status and potential economic returns are perceived to be significantly lower than those of boys, particularly in the case of family farms and smallholders, where it is expected that sons will inherit the farm and economically sustain their parents (FAO, 2016). The census of the population shows that approximately 100 000 households out of more than 700 000 households are headed by females.

Figure 8. Percentage of household by sex of the head of household



SOURCE: INSTAT AND DSA, 2016B.

3.4.2 Income, poverty, employment and diversification in rural areas

INCOME AND POVERTY

Living Standard Measurement Survey (LSMS) results provide insight into socio-economic issues in rural and urban areas. One key indicator is poverty indexes, which highlight differences between households headed by females and those headed by males.

In Albania, the food poverty line, or extreme poverty line, is calculated as ALL 3 047 per person per month, whereas the poverty line is ALL 4 891 per person per month at constant prices.²⁹ The main

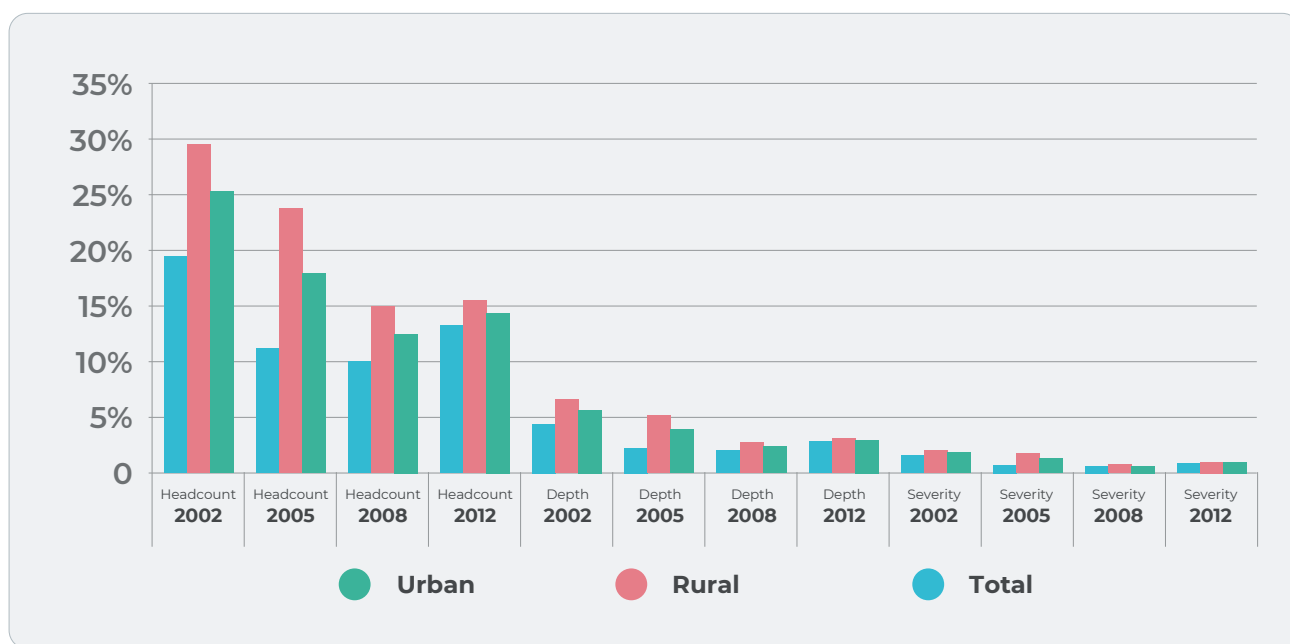
²⁹ See INSTAT (www.instat.gov.al) and https://www.unicef.org/albania/children_24920.htm. The current exchange rate is approximately ALL 0.00924563 to USD 1. ALL 3 047 is roughly USD 28.15. ALL 4 891 is approximately USD 45.22.

source of information is LSMS. The first LSMS took place in 2002, followed by surveys in 2005, 2008 and 2012. About 14 percent of the Albanian population lives on less than USD 1 per day, according to the LSMS data from 2012. In Albania, a person is defined as “poor person” if he or she has a monthly consumption of less than ALL 4 891 (based on 2002 reference prices). Despite improvements during the 2000s, the global financial crisis resulted in increased absolute poverty, from 12.5 percent in 2008 to 14.3 percent in 2012.

Poverty figures for smallholders are not available. Although poverty levels are higher in rural areas than in urban, this gap decreased during past years because of a higher increase of poverty levels in urban areas. Absolute poverty in rural areas increased from 14.6 percent in 2008 to 15.3 percent in 2012, while urban absolute poverty increased from 10.1 percent to 13.6 percent during the same period.

Based on the Household Budget Survey data, in 2016 there were more than 768 000 households in Albania, of which more 643 000 were headed by men and 125 000 by women, roughly onethird of them located in rural areas. The Living Standard Management Survey found that female-headed households have a higher likelihood of being poor than other types of households. Given social expectations, households usually become headed by women in the absence of a man able to take this role. As such, most female-headed households, unlike male-headed households, tend to be single-headed, with a reduced number of contributors to the household livelihood. In fact, the number of women living alone is 2.2 times higher than the number of men, and the number of women living alone with their children is about 12 times higher than the number of men in the same conditions (INSTAT, 2018).

Figure 9. Trends in absolute poverty



SOURCE: INSTAT, 2017.

Table 33. Changes in poverty levels by rural vs. urban areas

Category	% change 2002–2005	% change 2005–2008	% change 2008–2012
Poor population	-31.4	-35.3	18.4
Urban	-38.7	-4.9	44.1
Rural	-28	-47.4	-0.3

SOURCE: INSTAT LSMS (2002, 2005, 2008, 2012)

Total consumption, per-capita consumption and per-capita food consumption of female-headed households are lower than in male-headed households in rural areas, implying that basic needs regarding food are being met less in households headed by females.

Table 34. Poverty indicators for household by area and sex of household head (ALL/month), 2012³⁰ (M: male and F: female)

	Urban			Rural		
	M	F	Total	M	F	Total
Real mean per-capita consumption	10 414	13 164	10 808	9 400	11 605	9 660
Real food consumption per capita	5 565	7 928	5 903	5 764	7 453	5 963
Real non-food consumption per capita	2 537	2 273	2 499	1 897	1 857	1 892
Real education consumption per capita	338	340	338	275	345	283
Real durable per-capita consumption	81	75	80	57	59	57

SOURCE: LSMS, 2012.

According to LSMS 2012, monthly expenditures of women-headed households tend to be lower, especially for those households situated in the bottom level of monthly expenditures. The differences are bigger in rural areas (Table 35: Monthly household expenditures by area and gender, ALL, 2012).

Table 35. Monthly household expenditures by area and gender, ALL, 2012

Monthly expenditures in ALL	Urban		Rural	
	Male	Female	Male	Female
0–50 000	6.3%	6.2%	10.6%	12.8%
50 001–150 000	7.0%	14.4%	16.8%	24.7%
150 001–300 000	30.8%	28.0%	41.0%	33.7%
300 001–500 001	28.1%	26.0%	20.7%	21.5%
500 001–800 000	17.4%	16.0%	8.4%	5.7%
800 001–1 000 000	6.2%	5.5%	1.5%	0.8%
>1 000 001	4.3%	4.0%	1.0%	0.7%

SOURCE: LSMS, 2012.

³⁰ The EUR-ALL exchange rate during 2012 was 1 EUR = 139 ALL (according to the Central Bank of Albania).

Albania ranks 68 out of 189 countries on the Human Development Index of 2017 (0.785), which measures human development based on life expectancy, education and per-capita income. Regarding the gender inequality index, which measures the loss of potential within a country due to gender inequalities, Albania ranked 73 out of 189 countries in 2017 (0.238). Finally, Albania ranked 95 out of 187 countries in 2013 on the Gini coefficient, which measures wealth distribution and inequalities within the population. Therefore, Albania has still room for improvement in terms of gender equality and social equality, what will contribute to poverty reduction, food security and socio-economic development.

In 2017, 57.7 percent of women and 75.8 percent of men were in the labour force, and the employment rate was 43.5 percent for women and 57.1 percent for men. The low levels of activity and employment rates are linked to the high levels of informality registered in Albania, which is estimated to account for between 30 and 45 percent of the country's GDP (FAO, 2016). Furthermore, women are less likely to search for jobs, mainly due to prioritizing the role of homemaker and to the fact that, because of gender-based inequalities, they have lower access to off-farm paid work than do men in rural areas.

However, between 2000 and 2017, the formal non-agricultural employment in the private sector has almost doubled (Figure 2: Employment by sector and year). Major factors behind this demographic change are emigration (migration to other countries, mainly to European Union neighbouring countries) and internal migration to urban areas (urbanization) which have brought a structural shift away from agriculture and toward industry and a variety of services, including banking, telecommunications and tourism. Thus, over the years, there has been observed a significant decrease in employment in the agriculture sector – a reduction of more than 40 percent since 2000 – and, as mentioned above, this is strongly related to the massive migration to urban areas or abroad and the restructuring of the economy. In the coming years, as the agriculture sector modernizes and productivity increases, the number of employees in the agricultural sector is expected to continue to decrease.

Employment figures, though, especially regarding the agriculture sector, should be analyzed with caution, due to hidden unemployment.³¹

Following the results of the Living Standard Measurement Survey (LSMS), it is observed that the major livelihood strategy of family farms is income diversification, linked with migration of one or several of its members. In fact, while in 2002 and 2005 more than 90 percent of rural households had some agricultural income, only 27 percent of rural households in 2002 and 19 percent in 2005 specialized in agriculture (defined as deriving more than 75 percent of income from agriculture). Approximately 28 percent of household income came from transfers (primarily remittances) in both years, and 21 percent (2002) and 26 percent (2005) of income came from non-farm sources.

Social protection support to rural families is limited, given the small state budget, high levels of informality, and limited income to contribute to insurance schemes. Therefore, high levels of poverty, together with modest farm income opportunities, limited off-farm employment opportunities, and insufficient social protection support seem to be behind migration as a livelihood strategy.

³¹ Unemployment is one of the major socio-economic challenges faced by the Albanian society, and this challenge is even more common among youth. Unemployment is also one of the drivers behind mass migration. Officially, unemployment decreased close to 14 percent in 2017 (compared to roughly 17 percent in 2015), according to INSTAT figures. According to the official statistics, Albania seems to be performing far better compared to various neighbouring and European Union countries (such as Greece, where many Albanian emigrants have been working). However, it has to be emphasized that since the largest employment is reported in the agricultural sector, there is a common understanding that there is a high rate of hidden unemployment (especially in the agriculture sector). The official statistics do not reflect full-time employment equivalences. Thus, real unemployment is much higher.

While there are no differences in the hours that women work in agriculture in family farms with migrants abroad and without, men with migrants abroad devote less hours to agricultural labour (VVAA, 2007). As stated by a joint article prepared by specialists FAO, the World Bank, and the University of New York in Tirana: “One possible reason is that male household members, more than women, take advantage of the improved income and relaxed credit constraint to get involved in non-agricultural types of activities, for instance because returns to rural off-farm labour are greater for men. An alternative explanation is that the income from migration is used to substitute agricultural work for leisure, with men taking most advantage of the opportunities granted by higher income levels” (VVAA, 2007).

Based on the same article, migration appears to have a negative effect on the household’s investments in agriculture. In fact, it seems that farm households in Albania are using migration and its remittances to move out of agriculture. Although agriculture income does not seem to decline as a result of migration, the fact the rural households are not investing remittances or their time in agricultural production is indicative of the fact that family farming “gives little prospects for growth and individual betterment for rural Albanians” (VVAA, 2007).

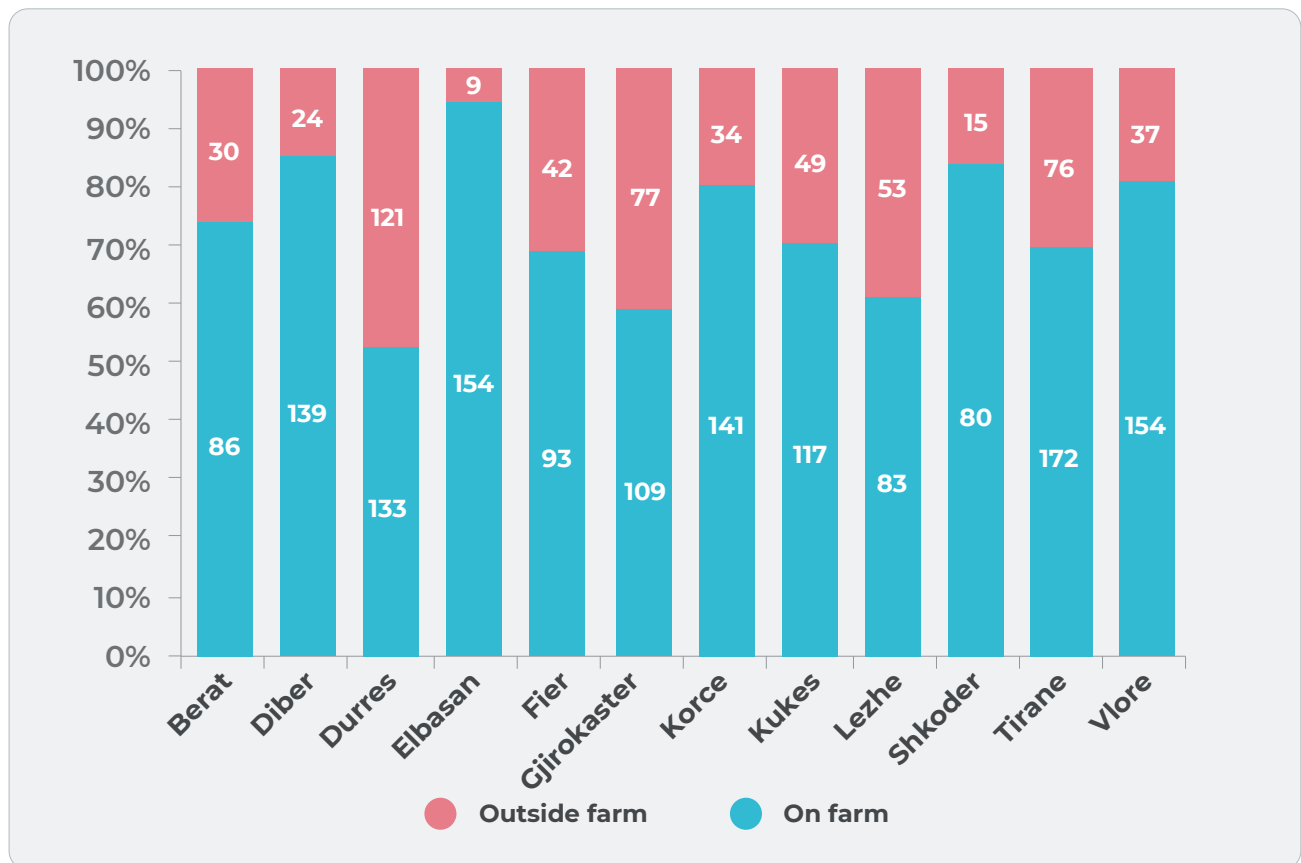
At the same time, though, many of the successful farms and processing plants are being operated by returning migrants, who bring their savings as well as their know-how (Kilic *et al.*, 2009). Therefore, migration and its remittances seem to be slowly but steadily reducing the number of farmers, and at the same time contributing to the success of those who decide to invest in agriculture.

Incomes are far lower in rural areas than in urban areas, as explained above through LSMS figures. Most households in rural areas are highly dependent on the agriculture sector, and considering the small farm size, it is not a surprise that this results in low income for most households.

EMPLOYMENT AND DIVERSIFICATION

Agriculture sector production, sales and employment is, to a large extent, informal. On-farm employment is the main source of employment in rural areas in all regions. On-farm employment consists mainly of household self-employment, which is usually not subject to salary payment or any written contractual agreement. According to existing data, the relevance of off-farm employment varies by region. For example, off-farm employment is insignificant in the region of Elbasan, while it is quite important in the region of Durrës, due to the greater availability of alternative employment opportunities in nearby urban areas and in tourism activities.

Figure 10. Average number of working days on- and off-farm, per adult household member (age 16–65), 2012



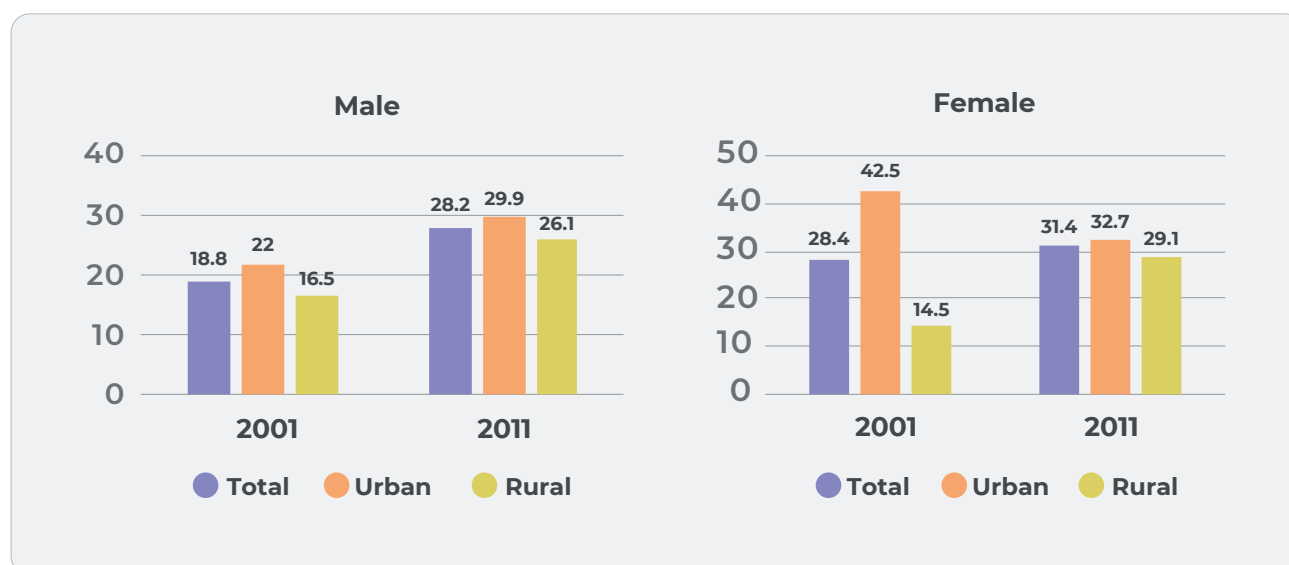
SOURCE: MAFCP, 2012.

Alternative employment opportunities in non-agriculture activities in rural areas are limited.

Considering land sizes, we need to reduce the number of people dependent on agriculture (thus, there is a need to promote diversification). Other non-agriculture activities, such as processing, should be promoted in rural areas. Today, a lot of the food processing is done near larger urban areas, and these activities should be more concentrated in rural areas. Large agroindustry businesses should be encouraged to invest in rural areas to employ more people, in combination with promotion and support policies for exports. North Macedonia exports EUR 40 million/year in processed fruits and vegetables, while Albania exports only EUR 2 million. That implies that there is more potential to export, if there is support (state support may be necessary, although not sufficient, to compete with other countries whose agriculture sector is heavily subsidized), which would imply more employment opportunity in agroindustry (interview with Sabah Sena, expert).

The Census of Population and Housing, conducted in 2011, shows a gap in the unemployment rate between rural women (Figure 11. Unemployment rate by sex and area, 2001 and 2011). The limited economic opportunities in rural areas have influenced women.

Figure 11. Unemployment rate by sex and area, 2001 and 2011



SOURCE: INSTAT, 2011 (CENSUS OF POPULATION AND HOUSING, 2011).

The Labour Force Survey from 2012 and the LSMS from 2012 confirm lower labour force participation for women compared to men, with a difference of about 10 percentage points. Women are less likely to search for jobs, mainly due to prioritizing the role of housewife, and they have lower access to outside the home (off-farm) paid work than do men in rural areas, according to LSMS 2012. Employment rates in rural areas also differ between women and men. In 2012, the employment rate for women in rural areas was 60 percent, compared to 67.4 percent for men (INSTAT LSMS, 2012; DSA, 2016b). Similar results were found also by various surveys carried out in the following years by INSTAT. FAO (2017) provides insight into diversification from a gender prospective.

The average employment on-farm and off-farm also varies significantly by region (*qark*). For example, off-farm employment is very low in rural areas in Elbasan, whereas it is quite high in the region of Durrës, which has developed various economic sectors, including tourism. Assuming that full-time work for one person (the full-time equivalent) would be 225 days/year, only in Durrës and Tirana (the most developed regions of Albania) are average rural households fully employed (Table 4: On-farm and outside employment and annual work days on- and off-farm per household and per household member, total). In other regions, there is significant underemployment, most notably in Shkodër (42-percent full-time equivalent). This estimate is low also for the regions of Berat, Fier and Lezhë.

This underemployment may respond to the reliance on remittances and reduction of time devoted to agriculture of families with migrants, as documented above. It may also be indicative of hidden income sources linked to informality and to limited off-farm and on-farm income opportunities in rural Albania.

Regarding work within family farms, there is a rigid gender-based distribution of tasks and responsibilities. Although 50 percent of those who work in agriculture are women (INSTAT, 2018), 87 percent of them work as contributing family workers (FAO, 2016). Notably, female farm managers form only 6.47 percent of the total number of farm managers (FAO, 2016). When disaggregated by age, there are no women managers under the age of 25. Between 25 and 55 years of age, the proportion of women is 4.12 percent of the total, and this figure almost doubles over 55 years of age. This is evidence that women typically only become farm managers in the event of widowhood or the husband's absence.

The contributions of women and men to household income greatly influences the level of participation in decision-making. In family farms, because women are mostly present in work-intensive activities and men in activities that involve control over agricultural assets and mobility, men are more likely to control family farm income and decision-making (FAO, 2016). Although the gender pay gap in agriculture is estimated at 7.7 percent for 2017 (INSTAT, 2018), the actual pay gap should be considered to be higher given the high number of women working as unpaid family workers.

SOCIAL PROTECTION AND SOCIAL SERVICES IN RURAL AREAS

The analysis of the social protection system in Albania is based on the FAO 2018 working report titled *Social protection in rural areas. Is it time for 'rural mainstreaming'?* that looks at the Western Balkan countries.

The overall spending on social protection (excluding health) on people amounts to 0.2 percent of the GDP, very low compared to 2.4 percent in Serbia, 1.5 percent in Montenegro, or 0.8 percent in Bosnia and Herzegovina (FAO, 2018b). The system is mostly focused on old-age pensions, along with support to reduce the risks of and address some needs during poverty, illness, unemployment and maternity.

As argued in the 2018 FAO study on social protection systems in the Western Balkans, the pension system is under pressure due to the large share of informal economy. The dependency ratio in 2016 was 1.41 in urban and only 0.38 in rural areas. The public pension system of Albania is composed of four segments (FAO, 2018b):

1. The compulsory social insurance scheme, which is administered by the Social Insurance Institute and covers state and private employees, including the self-employed in urban and rural areas.
2. A voluntary scheme that includes those who are no longer insured but have been and are willing to continue participating in the scheme, and groups that are not covered by the law, including university students.
3. A supplementary scheme, financed by the state budget, for high-ranking constitutional functions, civil service, army and police officials, as well as intelligence services. It also includes the so-called special pensions for war veterans, awarded personalities from culture, art, economy and politics as well as people persecuted by the communist regime.
4. An old-age social pension for persons aged 70 and older who have been Albanian residents for at least the past five years, who are not eligible for any social insurance pension, and who have incomes below the threshold set at the level of the old-age social pension.

Self-employed persons in agriculture can access maternity and pension benefits if they provide a regular contribution. In 2016, those working in agriculture had a flat-rate contribution of ALL 27 006 or EUR 204 a year in highlands, and ALL 35 250 or 266 EUR a year in lowlands (FAO, 2018b). However, considering that in 2012 there were 325 000 farms in Albania, the number of insured self-employed in agriculture is very small and declined from 88 000 in 2011 to 40 000 in 2017. This decline can be linked to the slow but steady reduction of the number of farms in the country, along with high levels of work informality and limited economic capacities of some farmers to make the annual contributions.

The average old-age pension in rural areas is 57 percent of the average in urban areas. For disability pensions, the average in rural areas is 52 percent of the urban average, and for the survivors' pensions the rural average is 43 percent of the urban (INSTAT, 2017b, pp. 30–31). While 53.4 percent of people

benefiting from pensions in urban areas are men, 62.9 percent of the beneficiaries of pensions in rural areas are women (FAO, 2018b). This can be due to the ageing of the population in rural areas, along with higher life expectancy of women than of men (80 years and 77 years, respectively) (INSTAT, 2018). However, men are more likely to enjoy higher pensions than women.

The coverage from unemployment benefits is 6.9 percent, insufficient compared with regional and EU standards (FAO, 2018). In order to be eligible for unemployment benefits, the person has to contribute to social insurance for 12 months. Although the government increased by 60 percent the amount payable, the monthly subsidy is ALL 11 000, or EUR 83, low compared to the 2016 average monthly wage of EUR 340 and EUR 394 in the private and state sectors, respectively. Rural areas have low coverage by employment offices (MOSWY, 2016, p. 14), what reduces the availability of trainings and other services that could increase employment opportunities for rural population, particularly youth (UNDP, 2013, p. 67).

Maternity protection is applicable to women who have paid social security contributions for 12 months and have an employment contract or count as self-employed. Because most women working in rural areas as contributing family workers do not register as self-employed nor contribute to the insurance scheme, only 19 percent of women from rural areas who gave birth in 2014 received maternity allowance, compared with 59 percent of pregnant women from urban areas (FAO, 2016, p. 10).

Table 36. Monthly pension value by category (ALL/month)³² (no sex-disaggregated data available)

Category		2005	2010	2014	2015	2016
Old-age pensions	Urban	8 383	12 153	14 518	14 585	14 873
	Rural	2 818	6 576	7 825	8 330	8 556
Invalidity pensions	Urban	8 062	10 985	12 593	12 648	12 803
	Rural	2 675	5 314	6 113	6 501	6 595
Survivors pensions	Urban	4 399	6 341	6 765	6 696	6 613
	Rural	1 077	2 896	3 252	3 240	2 830

SOURCE: INSTAT, 2017.

The social protection system of Albania targets poverty alleviation through the program named Ndihme Ekonomike (Economic Assistance). The programme is targeted to families without or with insufficient income; unemployed without parental care (orphans) up to 25 years of age who are not living in institutions or in foster care; and parents with more than two children born simultaneously who belong to families in need. Based on the FAO study of 2018, the scheme seems to be well targeted but with low coverage. The scheme covers 24.6 percent of the population in extreme poverty, 19.5 percent of the poor total, and 5.6 percent of the non-poor population.

A reform of this program has been undertaken from 2016 to 2018 and it has increased the number of people who receive full benefits and that before 2016 used to receive only partial benefits. Rural households that generate insufficient income from land, livestock, poultry, beehives, vineyards, gardening, pensions and other forms of income have particularly benefited from this reform (FAO, 2018b). However, the impact on poverty of this assistance is considered to be limited, given that the amount of benefits covers approximately 15 percent of the consumption expenditure of households

³² The EUR-ALL exchange rate during this period was approximately 1 EUR = 140 ALL.

in the poorest quintile of the population. Furthermore, it seems that income from farming activities is overestimated and, as a result, “the adequacy of the benefits provided to households involved in farming activities is lower than the average benefit” (FAO, 2018b).

Like other post-communist countries, Albania has a fairly developed system of residential institutions, although the institutionalization rates are low. The system of social services is under reform, with the support of UNICEF and inspired by EU systems. Social services are mostly funded by the state and delivered by NGOs. However, they are underfunded and 90 percent of all services are in urban areas (FAO, 2018b), as it happens also with health services. MARD and the Ministry of Health cooperate to contribute to the Albanian National Health Strategy, with particular emphasis on combating malnutrition by improving diets in rural areas through improved food programs.

One of the most important services of high utility for the development of both women and children is preschool education. Early childhood education is not only influential to children’s education, but it also increases the participation of women in the labour force. LSMS 2012 figures show that children’s attendance in preschool education is lower in rural areas than in urban areas; about two-thirds of the rural population do not attend preschool education, as compared to half in urban areas. That is partially related to constraints in the supply of such services, especially in remote villages, as well as to high costs of kindergartens and low incomes of rural families.

3.4.3 Access to education in rural areas

Adult literacy rates are close to 100 percent for both women and men, and there are no gender-based differences in attendance to compulsory education. However, the level of education is lower in rural areas than in urban areas for all types of education and for both women and men – as shown in Table 37: Resident population by urban/rural area, age and education level. (Only persons older than 25 years of age not studying at the moment of the survey are counted), starting from primary education to university or tertiary education, e.g. bachelor’s (first stage) and master’s (second stage) degrees. The primary school attendance rate is lower in rural areas (51 percent) than in urban areas (69 percent); and the educational completion rate in rural areas is only 8.6 years, despite the fact that school attendance is mandatory for nine years (FAO, 2016).

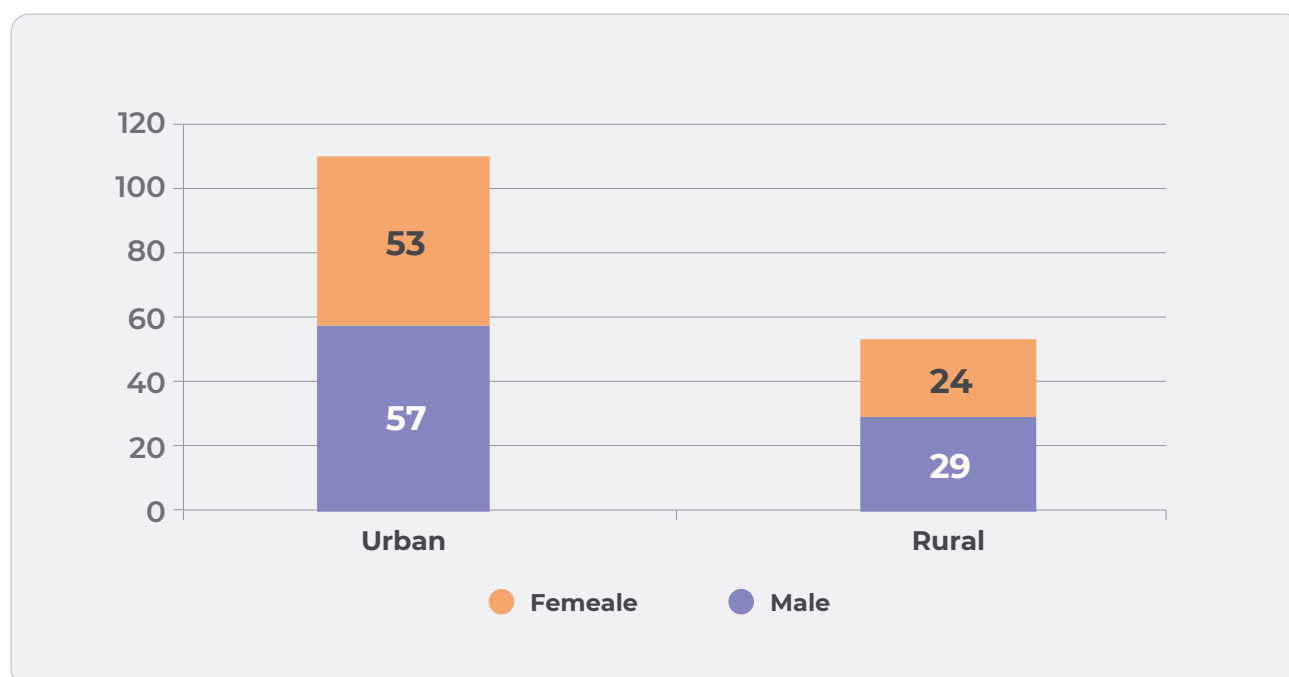
Table 37. Resident population by urban/rural area, age and education level. (Only persons older than 25 years of age not studying at the moment of the survey are counted)

	Total	Urban	Urban %	Rural	Rural %
Total	1 688 732	926 662		762 070	
Never attended school	75 369	33 331	3.6%	42 038	5.5%
Total attended school	1 613 363	893 331	96.4%	720 032	94.5%
Without diploma	10 114	4 899	0.5%	5 215	0.7%
Primary	180 103	69 945	7.5%	110 158	14.5%
Lower Secondary	703 110	290 310	31.3%	412 800	54.2%
Upper Secondary	520 348	359 796	38.8%	160 552	21.1%
First stage of tertiary	196 369	165 462	17.9%	30 907	4.1%
Second stage of tertiary	3 319	2 919	0.3%	400	0.1%

SOURCE: INSTAT, 2017 (BASED ON CENSUS 2011 DATA).

According to the Census of Population and Housing 2011, women in rural areas are less present in higher levels of education. Less than one-fourth of rural women (23 percent) have accomplished a secondary education, compared to more than half of urban women (56 percent). Early marriages, dropout due to distance from school, and high migration of educated females to urban areas might have increased this gap. Major constrains for completing high school in rural areas, compared to urban ones, include remote school infrastructure, high distances and poor road network, lack of transport, and the increasing opportunity costs to follow education (higher demand for incomes from families in times of financial or remittance shocks) (DSA, 2016b).

Figure 12. Share of population over 18 years old having a high school education, by sex and area, 2011 (%)



SOURCE: CENSUS OF POPULATION AND HOUSING

3.4.4 Infrastructure³³

Overall, and despite significant improvements in the last two decades, infrastructure deficiencies are quite high in rural areas. Rural areas have underdeveloped and poorly maintained infrastructure and public services – transportation, electricity, running water, education, healthcare, etc. – in terms of both quality and coverage. Inhabitants of remote rural areas often mention a lack of key infrastructure as the most disadvantaging factor they face and as a significant determinant of their low standard of living.

In fact, a significant problem for market access and economic and social development in rural areas is the poor quality of the road infrastructure. This is despite improvements during the past decade, when thousands of kilometres of new roads were constructed in rural areas as a result of the implementation of large-scale, multi-donor programmes such as the Instrument for Pre-Accession Assistance for Rural Development (IPARD) and the Inter-sectoral Strategy for Agriculture and Rural Development (ISARDA). A significant share of the local road network is still unpaved, though, and in a poor condition, with some sections impassable most of the year. This affects the delivery of social, health and education services to rural populations and limiting market access for businesses.

The electricity supply has also improved since late 2000. Electricity shortages (which were a problem not only for daily household life but also for agriculture and agro-processing activities) are less common today in rural areas. The 2011 population census data showed that there are disparities in access to basic infrastructure. The share of the population that has access to piped water in rural areas is about 85 percent but is much lower (59 percent) in smaller towns and villages. About 87 percent of households in predominantly rural areas and 61 percent in significantly rural areas rely on wood as their main energy source, as opposed to just 35 percent in urban areas. Also, three times more rural households received piped water in 2011 compared to 2001, and the number of households with no water supply was 21 times lower in 2011 than in 2001.

In the past decade, mobile and landline telephone services have also improved significantly in Albania, in both urban and rural areas. However, only 8 percent of households in predominantly and significantly rural areas have had access to the Internet, compared to 19 percent in predominately urban regions. The share of rural households with computers has been 14 percent, compared to 30 percent in predominantly urban regions.

The number of households in urban areas owning a boiler in the census of 2011 was twice that of rural areas, and the number of households with a dishwasher was 4.5 times higher in urban areas compared with rural areas. The inferior levels of infrastructure and technology in rural households and rural communities have a direct impact on women's unpaid workload, because domestic and reproductive work is socially linked with female gender roles (FAO, 2016). In fact, rural women invest one more hour than women in urban areas in domestic work (5 hours 55 minutes compared with 4 hours 35 minutes). Women's time dedicated to domestic work is six times higher than that of men in rural areas (INSTAT, UNFPA and UN Women, 2011). The inadequate levels of infrastructure and technology also affect girls and boys in different ways. As documented in the time use survey of 2010–2011, girls aged 10–14 years spend 30 minutes in paid work and two hours in unpaid work per day, compared with 12 minutes of paid work and 26 minutes of unpaid work in the case of boys from rural areas. These figures

³³ Note: This subsection is largely based on the MARDWA ISARD 2014–2020 (MARDWA, 2014) and IPARD II 2014–2020 programmes (MARDWA, 2017).

decrease to half of this time for both girls and boys from urban areas in unpaid work and to almost zero for paid work (INSTAT, UNFPA and UN Women, 2011).

Social infrastructure and services, especially in rural and remote areas, are insufficient. In rural areas – especially in disadvantaged/mountainous rural areas – gaps and improvement needs exist in health services and in the educational infrastructure, as mentioned above when discussing social services and social protection.

Box 16. Infrastructure and access to market – the case of Dibër region (*qark*)

Dibër region (*qark*) is situated in northern Albania, bordering Tirana region to the southwest and Durrës region to the west. The straight air distance between Tirana city (centre of Tirana country) and Peshkopi (main city and centre of Dibër country) is roughly 65 km. However, it takes approximately four hours to travel from Tirana to Peshkopi. One road (via Burrel) is not maintained and is in very poor condition, while the other road, which goes via Kukës, is new. Altogether, the driving distance is more than 220 km.

Dibër has a strong tradition in agriculture, particularly in orchards and livestock. However, the lack of infrastructure poses higher costs for local farmers to bring their products to the main markets (e.g. in Tirana) than in other competing regions, which have much better infrastructure access. Dibër is also known for its agritourism potential, but again, due to infrastructure gaps, this sector is not very well-developed.

The interviewed farmers and experts conclude that improving the road infrastructure is a must to enable agriculture growth and improve prospects for smallholders and family farms in this important region.

“All we want from the government is the new road (to Tirana) and irrigation,” said Vahip Salkurti, a farmer and agrifood processor. “We are hardworking people, and considering the lack of alternative employment opportunity, people will work on their farm and agriculture will develop, considering also the suitable climatic conditions that Dibër has.”

Source: Interviews with various farmers and experts in the context of this study.

4. Current political priorities and policies affecting smallholders and family farms



4.1 Sector- and focus-area-specific political priorities for agriculture and rural development

The main policy document for agriculture and rural development is the Inter-sectoral Strategy for Agriculture and Rural Development (ISARD) 2014–2020 has been endorsed by MARDWA. Given that accession to the European Union (EU) is the overarching priority of Albania, the strategy has been elaborated in line with the EU strategic planning approach for the Common Agricultural Policy (CAP) 2014–2020 while maintaining focus on specific needs for the development of agriculture, agro-processing and rural areas in Albania. These needs and challenges are mapped and analyzed in a number of sector analyses and surveys accomplished as part of the strategy preparation process. The strategy has been elaborated in a participatory process involving all relevant directorates of MAFCP/MARDWA, technical bodies and other institutions and stakeholders (business associations, farmers associations, non-governmental organizations. etc.).

ISARD in Albania for the period 2014–2020³⁴ defines the following vision for agriculture and rural development in Albania: “Efficient, innovative and viable agrifood sector capable of sustaining the competitive pressure and meeting the requirements of the EU market through a sustainable utilization of resources, and viable rural areas providing economic activities and employment opportunities, social inclusion and quality of life to rural residents.”

ISARD provides interventions in three policy areas: i) rural development policy; ii) national support schemes for farmers, development of rural infrastructure, and ensuring equal opportunities; and iii) institutional development, implementation and enforcement of EU regulatory requirements.

The rural development policy has four priorities for the period 2014–2020:

1. *Enhancing farm viability and the competitiveness of agriculture and food-processing while progressively aligning with EU standards.* This will be achieved by facilitating the restructuring of the agricultural sector, improving land use, and strengthening market orientation and participation.
2. *Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry.* The objective is to achieve the sustainable management of natural resources and climate action by forest and water resource management and the introduction of agricultural production methods that help protect the environment and mitigate and adapt to climate change.
3. *Balanced territorial development of rural areas, promoting social inclusion, poverty reduction and balanced economic development in rural areas.* The objective is to achieve a balanced territorial development of rural areas by fostering diversification of economic activities, job creation and social inclusion and improving living conditions in rural areas.
4. *Transfer of knowledge and innovation in agriculture, forestry and rural areas.* The objective is to enhance the abilities of all main actors in rural areas to contribute to the development of a viable agricultural sector and viable rural communities.

³⁴ ISARD 2012–2020 was prepared in 2012–2014 by MARDWA with the support of the project “Preparation of Inter-sectoral Strategy for Agriculture and Rural Development in Albania,” funded by the European Commission and facilitated by FAO.

The main legal framework regulating the programming of the agriculture policy is defined in the Law on Agriculture and Rural Development adopted in 2007.

ISARD 2014–2020 is transposed in the National Plan for European Integration 2016–2020, which highlights the medium-term objectives for the development of agriculture and rural areas in Albania. The National Action Plan implementing ISARD 2014–2020 has been updated with the support of FAO until the end of 2016. The implementation of the medium-term priorities of ISARD 2014–2020 are detailed in the annual action plans, which are reported by MARD/MARDWA to the Council of Ministers. The annual action plan, in line with ISARD 2014–2020, provides the legal basis for setting up national support schemes by highlighting specific measures available to the agricultural sector in a given year. The financial allocation for support schemes defined in the annual action plan is provided by the annual budgeting programme and is enforced by the decisions of the Council of Ministers. Regarding the IPARD pre-accession programme, IPARD II was adopted by the Government of Albania and approved by the European Commission in July 2015 and was subsequently ratified by the Albanian Parliament in March 2016. The IPARD operating structure (managing authority) and the Agricultural and Rural Development Agency (ARDA, the paying agency) are subject to the accreditation process by the EU (Bajramovic *et al.*, 2016). IPARD II was launched on 26 October 2018, within the framework of an official event, when the Government of Albania received green light from the European Commission.

In the context of the European Union pre-accession phase, the structures foreseen in all EU member states were introduced in Albania. The function of policy/scheme design remained with the Ministry (or with the management authority for IPARD), while a new agency, AZhBR/ARDA, was established with the aim of implementing support schemes (specifically, a distribution of grants and other financial support schemes funded by the government and donors). AZhBR/ARDA managed the first IPARD-like fund with the support of GIZ as well as the state support scheme. AZhBR/ARDA has been managing the national support schemes, the SARED grant fund (EUR 6.5 million, in co-management with Danida/GIZ) and the World Bank IPARD-like fund of the Environmental Services Project (EUR 4 million). AZhBR/ARDA is also expected to manage the IPARD-like II fund and the Italian Government ASDO grant fund for the olive sector when these two facilities are made available.

According to PM order 2015 (128), agriculture policies are designed by the inter-institutional working group chaired by MARD (MARDWA) and composed of steering members as follows:

- representatives from MARD;
- representatives from the Ministry of Economic Development, Trade and Tourism Entrepreneurship;
- representatives from the Ministry of Finance;
- representatives from ARDA; and
- representatives from the Strategic Business Investment Support Unit of the Prime Minister's Office.

The Strategic Business Investment Support Unit of the Prime Minister's Office is responsible for the coordination. The main tasks of the interagency working group are:

- development of the agricultural and rural development program;
- preparation of the application template, and implementation of benefit criteria for facilitating access to funding for farmers and agro-processing;
- collaboration with banks to standardize procedures and facilitate funding for projects in agriculture;

- creation and organization of a “single desk” for services for farmers and agribusiness so that farmers can obtain information and/or support for a wide range of issues (e.g. financial, grant applications etc.) from one window of services, and the creation of a reference system for agricultural projects; forecasting of investment needs in the mid-term budget programme and for the development of the National Guarantee Fund; and
- forecasting of technical assistance needs and of the support institutional framework for the construction and good functioning of the service system.

Albania’s policies are framed by its EU accession goals, along with international commitments reached by Albania. The country is making efforts to advance towards the Sustainable Development Goals, within Agenda 2030. In fact, Albania’s National Strategy for Development and European Integration 2016–2020 (NSDI II) is closely aligned with the SDGs. The UN joint MAPS report (Mainstreaming, acceleration and policy support for achieving the sustainable development goals in Albania) of 2018 identifies that persons living in rural areas, along with people with disabilities, Roma and Egyptians and children from large families face the greatest risks of being left behind from development if no targeted actions are developed. Furthermore, the labour force, particularly in rural areas and of women, is underutilized.

Among the recommendations provided to Albania by the Committee on the Elimination of Discrimination Against Women (CEDAW Committee) on its 2016 concluding observations of the fourth periodic report of Albania, the following are relevant for rural development and family farms in Albania:

- Strengthen the mechanisms for effective monitoring of social assistance and policies in all 61 municipalities, including by enhancing capacities on the delivery of social assistance services, and the economic empowerment of women, in particular those from disadvantaged and marginalized groups.
- Take measures to enforce effectively its legislation providing for joint ownership of property by both spouses, and ensure that women are not discriminated against or disadvantaged in matters of inheritance. Do not discriminate against women by registering informal property under the name of the so-called head of household.

Strategic Goal 1 of the National Strategy and Action Plan on Gender Equality 2016–2020 aims at the economic empowerment of women and men. For this, the objectives 1.3 and 1.4 are:

- Objective 1.3: Economic empowerment of women in rural areas. This includes as expected outcomes:
 1. Improving the lives of women in rural areas by reducing unpaid work for women in the agricultural sector;
 2. increasing the access of rural women to services, such as nurseries and kindergartens;
 3. increased formalization of jobs for women in the agricultural sector;
 4. increasing access to quality health services;
 5. increasing the number of women farmers benefitting from the subsidy schemes and extension services;
 6. ensuring the enjoyment of property rights on agricultural land.
- Objective 1.4: Reduction of poverty in women and men. This objective aims, among others, to mainstream gender in the agriculture and rural development strategy 2014–2020.

The Employment and Skills Strategy 2014–2020 also aims at developing the economic empowerment of women and men while promoting social inclusion and territorial cohesion as established on Priority C. In particular, the outcome indicator aims that all women and men have access to training and support services enabling their contribution to, and benefit from, socio-economic development across regions, especially the rural population. For this, inter-ministerial cooperation has been established to improve vocational education and training (VET) and employment services to rural areas. Particular attention is paid to ensure that the VET and employment services reach vulnerable, marginalized and disadvantaged individuals. Women's economic empowerment and entrepreneurship in the social economy and the third sector are also goals of this priority C and include, among other actions: the establishment of a mentoring programme for women and girls in rural areas, increase of child-care facilities in rural areas for family reconciliation, and capacity development and coaching for women and men on business development. Furthermore, the social assistance system is being reformed to link welfare benefits with the reintegration into the labour market, as a form to reduce inactivity rates.

One of the measures envisaged by the National Strategy for Social Protection is increasing awareness about the system of social care services (CMA, 2016, p. 98). However, apart from this, the Strategy has no concrete measures for rural population nor does it pay particular attention to this segment of population and social protections issues in rural areas.

4.1.1 National policy

IN GENERAL, THE NATIONAL SUPPORT SCHEMES PROVIDE TWO CATEGORIES OF SUPPORT:

1. *Contribution to new plantations/cultivations (such as new orchards, vineyards or MAPs), in the form of a maximum amount per ha.* This support is usually linked to parameters about the method of cultivation (intensiveness, for example) and typically has minimum and maximum thresholds in terms of the number of hectares.
2. *Contribution to investments.* Common schemes, available for more than five years, are: i) contribution to the installation of drip irrigation and ii) contribution to the interest payment up to 70 percent of the value. This last scheme, which was quite important to support investments in cold storage facilities for fruit and vegetables and other post-harvest infrastructures, has proved an important complement to grant facilities as it reduces the cost of matching loans. It targeted both farmers and processors.

IN 2016, THE NATIONAL SUPPORT SCHEME INCLUDED FOUR TYPES OF SUPPORT SCHEMES:

1. Investments to increase competitiveness and ensure regular market supply. This line included different types of support, including: i) support to new plantations of autochthon grape varieties, fruit trees, edible nuts, and some kind of MAPs; ii) a subsidy for organic farming; and iii) support for capital investments, including the installation of drip irrigation and hail nets and the re-establishment of old olive orchards.
2. Subsidies for animal production, mostly in the form of a fixed amount per head or beehive, and support for the procurement of fingerlings in aquaculture.
3. Support to revenues of farming families in the form of subsidies for production, linked to an

additional payment per kg or litre of product (fruit and vegetables, milk, mussels) or per head (meat production).

4. Support to investments, including two sub-measures: a) contribution of up to 70 of interest payments for loans with a duration of up to seven years and a maximum amount of ALL 30 million (about EUR 220 000 at that point of time) and b) contribution of up to 50 percent of investments (complementing the IPARD-like facility for non-supported sectors and temporarily replacing it until IPARD II will be made available) in four categories: i) construction or reconstruction of stable and aquaculture production units; ii) construction or reconstruction of collection and processing units; iii) post-harvest equipment and processing equipment for poultry production (eggs and broilers), animal products processing (milk, meat, wool, honey, etc.), fruit, vegetables and MAP processing, aquaculture and specialized transports; iv) new greenhouses with thresholds of 0.5–2 ha; and v) tractors and other farm machinery.

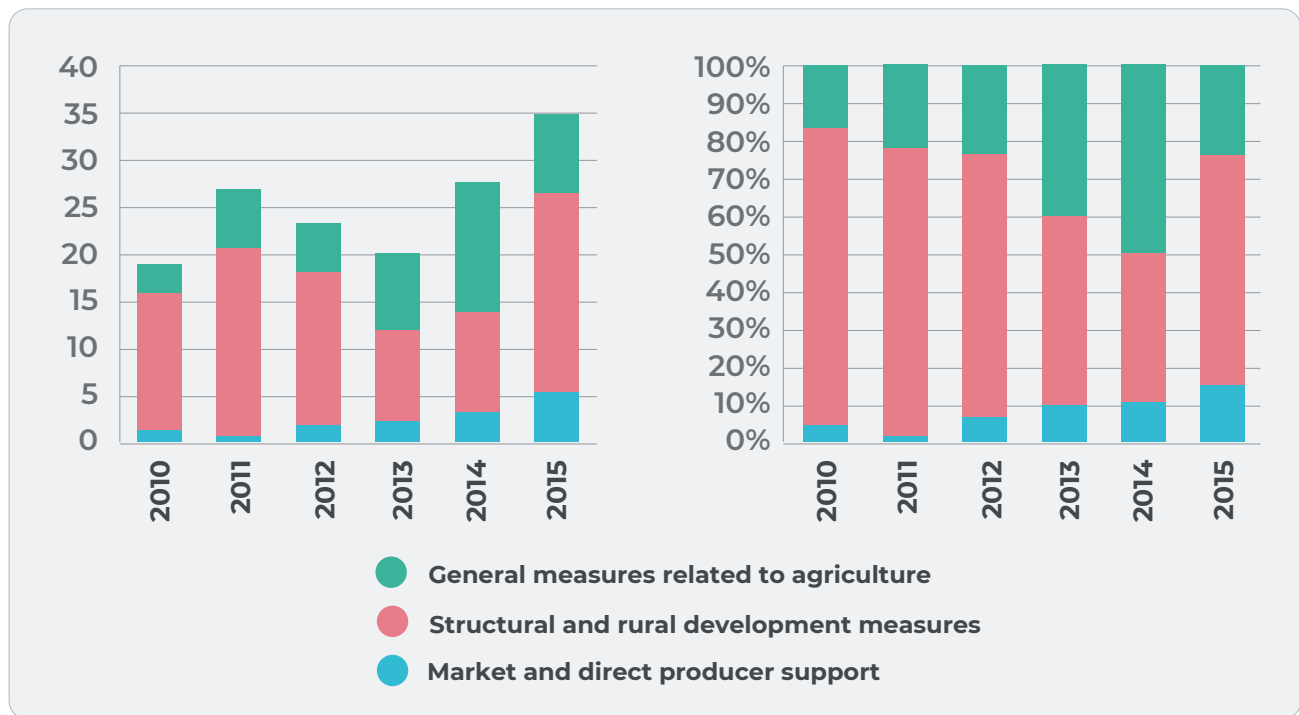
Similar support schemes were also provided for 2017. Regarding farm size, support for improving plant production and protection technology in 2017 foresaw that planted/cultivated areas should be no smaller than 0.2 ha and no larger than 5 ha (including orchards, nuts, citrus, MAPs, etc.). This implies that in principle, at least regarding farm size, both small and larger farms are eligible to benefit; small farms are not excluded. In the case of the construction of greenhouses, the eligible size is 0.5–2 ha. In the case of small ruminants, the requirement is that the minimum size should be 50 head, while support can be provided for up to 200 head. In the case of cattle farms, support is provided for 10 to 30 cows. For livestock (cattle and small ruminants), support is calculated and provided as a lump sum per head. Thus, in the case of livestock, the support scheme clearly is oriented towards the largest farms, which should contribute to the consolidation of the sector, though leaving smaller farms without support.

To conclude, some schemes, such as support for new plantations (vineyards, olives, orchards and MAPs), have been accessible for both small and larger farmers. In other schemes, as in the case of greenhouses and livestock, larger farms were targeted.

National budget support estimates

During the period 2010–2015, the national budget support to agriculture was oscillating but with an increasing trend. In 2015, the overall budgetary support increased to EUR 35 million from EUR 19 million in 2010 (Figure 13. Breakdown of national budgetary expenditures for the agro-food sector and rural areas (millions EUR), 2010 to 2015).

Figure 13. Breakdown of national budgetary expenditures for the agro-food sector and rural areas (millions EUR), 2010 to 2015



SOURCE: APM DATABASE, ALBANIA, 2016.

The national budget support for agriculture in Albania is modest when compared to the agriculture sector’s contribution to the national economy. Despite the increase in 2015, its share was still less than 2 percent of agriculture’s gross value added (GVA). This figure is low considering the contribution of the agricultural sector to the overall GVA, which was around 20 percent in recent years (Table 38: Relative level of national budgetary support to agriculture in Albania, 2010 to 2015).

Table 38. Relative level of national budgetary support to agriculture in Albania, 2010 to 2015

	2010	2011	2012	2013	2014	2015
Budgetary support to agriculture (millions EUR)	19	27	24	20	28	35
GVA in agriculture (millions EUR)	1 535	1 612	1 765	1 914	2 024	2 052
Share of support to agriculture in GVA (%)	1.2	1.6	1.3	1.1	1.4	1.7

SOURCE: APM DATABASE, ALBANIA, 2016; AGRICULTURAL STATISTICS DATABASE, ALBANIA 2016; ZHLLIMA AND GJEJCI, 2017.

The share of structural and rural development measures (second pillar) of total agricultural support has expanded in 2015 compared to 2014, whereas general measures related to agriculture (third pillar) remained the second most important. Direct producer support was third in importance, accounting for 15.1 percent of the overall agricultural support in 2015, increasing from EUR 0.9 million in 2010 to EUR 5.3 million in 2015. Direct producer support has been gaining importance in Albania in recent years, but its relative share is still low compared to other Western Balkan countries. As a comparison, in Kosovo and North Macedonia, governmental support for the agriculture sector exceeds EUR 100 million. No rural development funds are allocated to support the rural economy and employment or for the preservation of the environment and ecosystem services in Albania (Zhllima and Gjerci, 2017).

Table 39. Budgetary support for structural and rural development measures, 2010 to 2015 (millions EUR)

	2010	2011	2012	2013	2014	2015
On-farm investment support	6.6	4.9	4.8	4.2	1.0	1.1
Modernisation of agricultural holdings	0.3	0.5	0.7	1.4	0.7	0.7
Restructuring of permanent crops plantations	5.2	4.2	3.7	2.4	0.0	0.2
Irrigation systems	1.1	0.3	0.5	0.5	0.3	0.1
Drainage, irrigation and water management infrastructure	7.6	15.1	11.3	5.2	5.1	14.7
Food processing, marketing and promotion	0.8	0.4	0.4	0.5	4.6	5.5
Structural and rural development measures, total	15.0	20.4	16.6	9.9	10.7	21.3

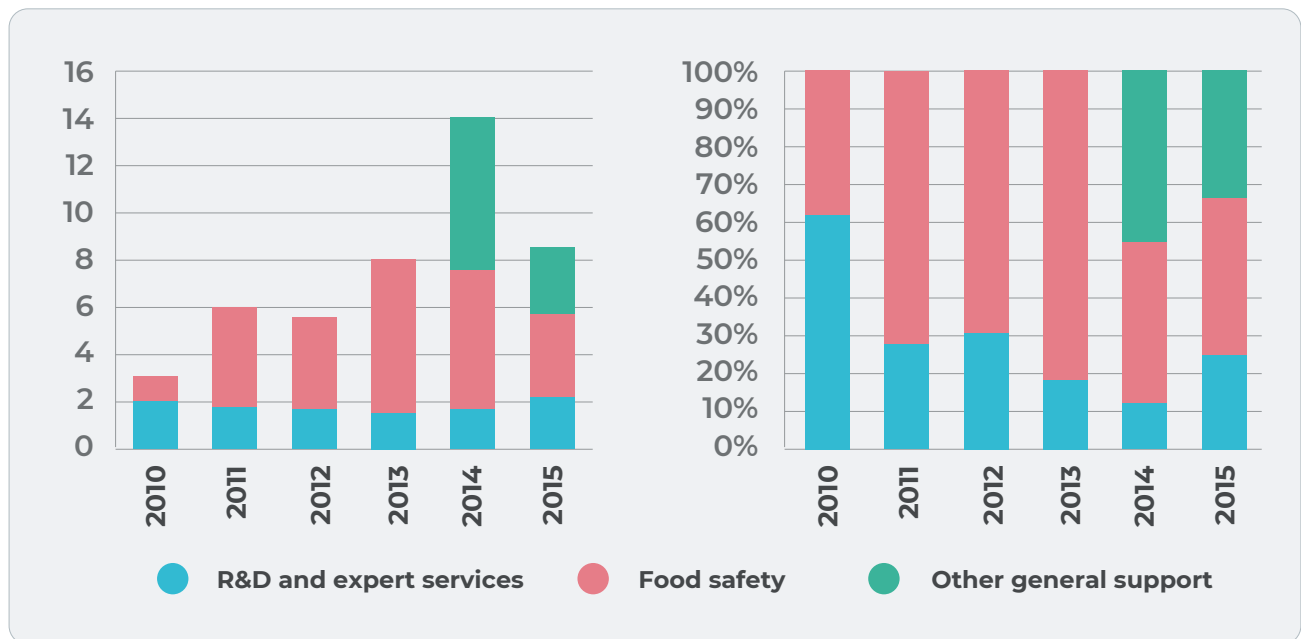
SOURCE: APM DATABASE, ALBANIA, 2016; ZHLLIMA AND GJECI, 2017.

Among the specific measures, the largest share of the total rural development support went to financing drainage, irrigation and water resource management infrastructure. Support for this area represented, on average, 60 percent of the total rural development support during 2010–2015. On the other hand, the on-farm investment support has witnessed a significant decrease, caused mainly by a reduction in support to permanent crop plantations (especially olives). Increasing in recent years was support for on-farm investment targeted to technological improvement (e.g. drip irrigation, wells and biomass heating), plantation of medicinal herbs, expansion of greenhouses and modernization of farms (e.g. new equipment, building and light construction).

Food processing industry support started gaining in importance especially in 2014 with the introduction of two main measures: investment support for storage, postharvest and processing infrastructure (with a 50-percent support rate), and interest rate support for new investments in the agrifood industry sector (with a 70-percent support rate) (Zhllima and Gjerci, 2017).

General support measures consist of support for agriculture research and development, advisory and extension services for agriculture, public financing of measures in the fields of food safety and food quality (e.g. veterinary and phytosanitary measures) and other measures of a general character, mostly technical assistance (Figure 14: Breakdown of general measures related to agriculture, 2010 to 2015 (millions EUR)).

Figure 14. Breakdown of general measures related to agriculture, 2010 to 2015 (millions EUR)



SOURCE: APM DATABASE, ALBANIA, 2016; ZHLLIMA AND GJECI, 2017.

ISARD 2014–2020 has set an ambitious objective to increase state support to the agriculture sector significantly from year to year, which has not been the case in practice. The low level of funding compared to objectives set in ISARD and compared to other countries reflects a low level of commitment for the sector as a whole.

Transparency and procedures

One factor that affects absorption capacity is the efficiency and professionalism of the administration involved in the process of support scheme implementation. Indeed, most interviewed farmers perceive that the transparency of procedures related to subsidies is insufficient. There also are concerns regarding cooperation with the respective authorities (Table 40: Beneficiaries’ perceptions on procedure clarity and transparency, cooperation with authority, and requirements for subsidies).

Table 40. Beneficiaries’ perceptions on procedure clarity and transparency, cooperation with authority, and requirements for subsidies

Indicators		1. Very insufficient	2.	3.	4.	5. Very sufficient
Procedure clarity	Count	0	10	110	6	0
	%	0%	8%	87%	5%	0%
Procedure transparency	Count	0	30	95	1	0
	%	0%	24%	75%	1%	0%
Cooperation with authorities	Count	0	0	74	52	0
	%	0%	0%	59%	41%	0%
Requirements for subsidies	Count	0	0	27	63	36
	%	0%	0%	21%	50%	29%

SOURCE: FIELD SURVEY DESIGNED AND CARRIED OUT BY GECAJ, IMAMI AND SKRELI, 2015.

Enhancing the professionalism of the Agricultural and Rural Development Agency (ARDA) is necessary to improve absorption capacities of national funds, as well as funds from the upcoming IPARD II, which is even more demanding in terms of requirements for both administration and beneficiaries. First and foremost, it is important to ensure that trained and competent staff are maintained and motivated to the greatest extent possible. In recent years, many specialists at the Agricultural and Rural Development Agency trained from various European Union projects have left office. Second, constant training and capacity building of the existing staff is necessary.

Impact of policies

Box 17. Case study: Olive and olive oil policy

Since 2007, the olive sector has received significant support, mainly in the form of subsidies for new plantations. Ever since, there has been a marked expansion of plantations, and the number of olive trees has almost doubled. As a result, production of olives has increased significantly: olive production in 2012 (the best recorded year, with the highest production) was about 100 000 tonnes, which implies a drastic increase over the 27 600 metric tonnes recorded in 2007, when the subsidies were introduced (2007 was also marked as a low-production year). The increase in the production of raw olives enabled an increase in the utilization of processing capacities, which were heavily underutilized. This contributed towards lowering the prices of raw olives, which had been very high compared to neighbouring countries. Thus, support for farmers to increase production gave a boost to the processing industry through higher volumes and lower prices for raw olives while enabling farmers to largely meet the fast-growing domestic demand.

In recent years, the government support was shifted from farmers to the establishment of new factories. Albanian Olive Oil Association (AOOA) representatives don't consider this an appropriate policy because it increases the processing industry capacity beyond the supply of domestically produced raw olives. The view of the AOOA was not taken into consideration during policy preparation. In the best olive production year, 2012, processors used less than half of their capacities, while 20 percent of processing capacities are used in most years on average. Supporting the establishment of new processing lines further aggravated this situation. Therefore, the priority should be to further increase primary (raw olive) production through new plantations and/or through the rehabilitation of existing groves. There is still a high level of import of olive oil – evidence that there is market potential to produce more olive oil – and the production of olive oil can increase by increasing olive production alone.

For the processing part, it might be useful to introduce support for the improvement of quality for current factories rather than to support the establishment of new factories in the context of the above-explained argument.

Source: Interview with Silvana Subashi (Pinari), head of the Albanian Olive Oil Association and desk research.

Box 18. Case study: MAPs policy

Within the agrifood sector, the collection and cultivation of medicinal and aromatic plants (MAPs) is one of the most important subsectors. It is an important source of income for a large number of rural households in Albania, roughly 75 000 to 100 000. It has also been identified by FAO as one of the most promising sectors for income diversification of family farms and women's economic empowerment (FAO, 2018a). MAPs represent the most important forestry subsector in terms of the involvement of members of communities in mountainous areas and a major income source for their households. MAPs have a strong export orientation. Albania has been a world player in the supply of MAPs, especially in the case of sage, which is the main cultivated MAP in Albania. Supply of wild MAPs is decreasing due to damaged MAPs resources and a reduced labour force in mountainous areas. This declining trend in wild MAP collection is compensated by the growing importance of cultivation, which has been stimulated by government subsidy schemes (Imami *et al.*, 2015).

Agricultural support schemes focused on investment support. The purpose of the implementation of these schemes has been to increase production in the most important agricultural sectors, including MAPs. For farmers, support is provided through a series of annual support schemes. Since 2012, the MAPs sector has been a priority sector of support (for new plantation investments). Each year from 2012 to 2014, approximately 200 to 300 farmers benefited from support. After 2014, the MAPs sector support has been phased out.

There are also concerns about the evolution of the MAPs sector, partially related to the subsidy scheme. The overproduction triggered by the subsidy scheme have resulted in a dramatic price decrease of sage, which again has been one of the main cultivated MAPs in Albania.³⁵ For example, Albania is a world player in sage, and therefore changes in production volumes in Albania may affect world and U.S. market prices. With the significant increase in sage production there was observed a significant decrease in prices (almost by half) at farm level (Despite the importance of this sector and the significant support from the government, there has been no study commissioned by the Government of Albania on the impact of the support. Furthermore, there was no in-depth analysis of the sector, including outlook, before the subsidy was introduced.). One factor contributing to this price drop was overproduction. A decrease also was observed at the wholesale price, but because of overproduction the decrease was even larger at farm level.

Despite the importance of this sector and the significant support from the government, there has been no study commissioned by the Government of Albania on the impact of the support. Furthermore, there was no in-depth analysis of the sector, including outlook, before the subsidy was introduced.

The farm price drop, partially caused by the policy interventions, has negatively affected MAP farms, most of which are small family farms. The prices of sage and Lavandula reported in June 2018 dropped by two to three times compared to few years ago, largely due to oversupply. Many cultivated fields have been abandoned, since low prices have caused farmers to lose interest in continued engagement with their investments in MAPs.

Because the main MAPs are multi-annual crops, there is lower flexibility of adjustments than with field vegetables.

³⁵ Note: Interview with Xheladin Zeka.

Table 41. Dynamics of U.S. import of sage from Albania

Year	Value (thousands USD)	Quantity (tons)	Price USD/KG
2012	5 473	1 367	4.0
2013	10 033	2 433	4.1
2014	11 477	2 920	3.9
2015	10 554	3 259	3.2
2016	10 019	3 445	2.9

SOURCE: USDA, 2017.

Box 19. Case study: fruits

Since the late 2000s, the Albanian Government has been engaged in support for the fruit sector (similar to olives, vineyard and later MAPs) by subsidizing new plantations. Before such subsidies were introduced, Albania was heavily dependent on imports for most fruits, including those for which conditions in Albania are suitable for growing such as apples. The governmental subsidies program was an important incentive to plant new plantations (although some new plantations were undertaken without support). Subsidies also were provided for post-harvest capacities, to prolong product life. Combined, all of this contributed to a significant increase in production, from 65 000 tons in 2000 to 245 000 tons in 2015, as well as in the increase of exports, which grew from almost non-existent in the early 2000s to almost USD 22 million in 2016. For key fruits, such as apples, there is now a trade surplus, meaning that exports have exceeded imports.

While import substitution was easy (considering that on one hand, there is a preference for domestic production among Albanian consumers, while on the other hand, the Albanian fragmented retail market is not demanding for producers in terms of standards, traceability, etc.), targeting export markets is more challenging. Initially, neighbouring markets (e.g. Kosovo), which are also flexible in terms of standards, were targeted. However, with the increase in production volumes, it has become a growing need to target larger and more attractive markets of the western European Union; however, they are far more demanding in terms of standards and volumes than are domestic markets.

The support schemes contributed towards reducing the trade deficit, but they were not sufficiently well-tailored to enable exports to be attractive, since stimulated only an increase in volumes but not of homogeneity (of variety, for example to ensure big volumes especially for export markets), standards or traceability.

Table 42. Domestic production of fruits and exports of fruits by year

Fruit trees	2000	2005	2010	2015	2016
Production (thousand tonnes)	65	90	168	245	261
Export (thousand USD)	35	679	3 844	15 721	21 866

SOURCE: INSTAT, 2017 (PRODUCTION) AND UNSTAT (2017) TRADE DATA.

4.1.2 Donor-funded programmes and projects related to smallholders

The three main groups of projects and facilities for the agrifood sector can be broadly defined as follows (according to DSA, 2016a):

1. Projects and programmes on the capacity-building of institutions, the harmonization of legal frameworks and institutions with the EU acquis, and the improvement of the business environment. Most of these projects are financed and/or managed by international organizations, such as the European Commission, United Nations agencies, development banks, etc. Some of the main projects:

- EC/GIZ SARD (supporting AZhBR/ARDA).

The IPARD-like grant scheme was launched in December 2012 (a last call for applications was issued in March 2014) with the main objectives of increasing the awareness and capacity of actors involved in rural development and facilitating the development of the agrifood sector and of the alignment of quality farming with EU standards. Through implementation of the measures in compliance with IPARD procedures, staff members of the IPARD management and control system, potential beneficiaries, advisory services and lending institutions gained experience on the implementation of IPARD. From the implementation of IPARD-like, EUR 5.3 million has been disbursed through several rounds of calls for agricultural and agro-processing investments, from which there have been 85 beneficiaries. IPARD-like supported investment in modernizing processing plants (including processing lines), cold storage capacities, various types of equipment, etc. Access to IPARD-like funding was perceived challenging by farmers and experts (interviewed in the context of this study), as most farmers were not able to meet the requirements in terms of standards and documentation. IPARD-like (and IPARD II in the future), targets larger farmers and food processors who can meet the requirements regarding food safety, hygiene, animal welfare, environmental standards and others defined as national minimum standards.

- Project “Restructuring & strengthening of the food safety & veterinary laboratory network of Albania,” part of the long-term European Commission support to the National Food Authority.
- FAO “Support to the implementation of the Inter-Sectoral Strategy for Agriculture and Rural Development 2014–2020,” implemented during 2012–2014.

2. Projects dealing with the development of value chains. Traditionally, there are few relatively large projects of this category (EUR 1 million or more), plus several medium and small projects implemented by non-governmental organizations or bilateral cooperations. The projects of this type

typically consist of providing different kinds of technical assistance to individual agribusinesses and operating an agribusiness enterprises support facility, usually based on a competitive grants mechanism. At present, there are two large projects of this category:

- Danida/GIZ-SARED (grant fund of EUR 6.5 million), originally foreseen for completion in 2017 and extended until 2018 (to ensure continuity and to link to a new GIZ rural development programme, which should begin upon the closure of SARED). Focused on disadvantaged areas and on three value chains (fruits, MAPs and small ruminants), providing technical assistance to agribusiness through a relatively large programme of technical seminars and operating, jointly with AZhBR/ARDA, a competitive grant line quite similar to IPARD-like. The SARED programme typically targets and supports small farms through grants and technical assistance. It has some similarities with IPARD-like, but the grants are smaller and more accessible for small farms in terms of criteria. The project has a strong component of technical assistance. Both forms of the support target the small ruminant, fruits and MAPs value chains in selected mountainous regions.
- USAID SAVS, focused on citrus fruit and vegetables, olives and MAPs in central and southern Albania, providing targeted technical assistance / training and advice on technical issues to a portfolio of beneficiaries and operating a competitive grant facility.
- ASDO, financed by the Italian Government with approximately EUR 3 million, was initiated in 2015 and is ongoing. The project deals with value chain development in the olive sector but does not provide technical assistance to individual agribusinesses, focusing only on IPARD-like grants and on support to the institutional part of the value chain (i.e. the legal framework, certification system of propagation material, etc.).

The only grant facilities specific for agribusiness and not managed through AZhBR/ARDA are those provided in the USAID-funded SAVS project, mentioned above, and the UNIDO “Biomass energy for productive use for SME in the olive oil sector” project.

3. Integrated projects dealing with the management of natural resources. These projects are typically medium- and large-sized and are designed and financed by the World Bank Group. The focus of these projects is a natural resource (water and forestry, so far) and all aspects of the sustainable management of that resource, from regulatory frameworks to institution reforms and strengthening to development of users’ associations and environment-conscious entrepreneurship. At present, there are two ongoing projects in this category:

- the Environmental Services Project (USD 10 million, bound for completion in 2019); and
- the Water Resources and Irrigation Project (USD 45 million, bound for completion in 2018).

4. Projects dealing with the development of services to agribusiness and associations. These projects are focusing on the development of advisory and technical services to different sectors, including agribusiness, and on developing small and medium enterprise innovation clusters. Projects include:

- RISI Albania, which also directly finances the provision of such services to enterprises; and
- the GIZ ProSME/ProINVEST project.

Albanian components of regional projects. There are many regional or cross-border facilities that also have activities in Albania, such as EC/CBC, Adriatic programmes, REC, FAO regional programmes, SWG and more. Every year, there are several of these projects (up to ten), which are not coordinated with other projects.

In addition to the above, there is also a limited number of facilities and projects designed to support agribusinesses development (or small and medium enterprise development) that are used or are intended to be used as tools to facilitate access to the different types of available incentives. The main initiatives of this type have been:

- the European Bank for Reconstruction and Development’s Business Advisory Services;
- the USAID-financed Agro Capital; and
- the Albanian Local Capacity Development Foundation.

SOFT LOANS

The main soft loan line available to agribusiness is the one provided by the Italian Government to support small and medium enterprises in all sectors. The second instalment of this facility specifically included agribusiness as a priority. The credit line is managed through seven commercial banks; the absorption rate of the line did not prove very successful because of several factors, including some obligations about the origin of the procured assets purchased with the loan, the level of the subsidy to the interest rate (considered low), and the relatively small promotion given to the line among agribusiness. The line could well integrate grant facilities or other credit lines such as the credit line from EBRD, covering subsectors of agribusiness considered not relevant by other organizations. Table 43: Summary of the main projects related to agriculture and rural development summarizes the main donor projects targeting agriculture and rural development (DSA, 2016a).

Table 43. Summary of the main projects related to agriculture and rural development

Project name/facility	Sector of interest	Main services	Donor
Technical assistance facilities to operators and service providers			
BAS	All sectors	Business advisory services	EBRD
Agro Capital	Agribusiness	TA to access, finance, AGROWEB portal, LORES DSS for agribusiness loans	USAID
RISI Albania	Youth employment in agro-processing, tourism, ICT	Business advisory services, training to service providers and SMEs	SDC
Main related facilities for capacity building of rural development financial facilities			
Support to agriculture and rural development-SARD-IPARD	Agriculture sector	TA to AZhBR/ARDA and management authority for IPA facility	EC/IPA
Improving the productivity of the Livestock Sector	Livestock sector	Institution capacity building for livestock extension services	EC
Environmental Services Project: environmental and social management framework and integrated pest management plan	Rural development	Components 3 (IPM training) and 5 (gender and youth involvement)	WB IBRD

SOURCE: DSA, 2016A.

4.1.3 FAO Country Programming Framework

The Country Programming Framework (CPF) is a tool for the FAO country-level strategic prioritization and overall medium-term country-level programming. CPFs also constitute FAO's input into the national development frameworks and planning cycles. The following four priority thematic areas have been identified under the Albanian CPF 2015–2017:

- i. Conservation and management of natural resources;
- ii. Disaster risk management (DRM) and climate change adaptation. The aim has been that the diffusion of good agricultural practices (GAP) – such appropriate seed varieties and climate-smart agronomic technologies, land and water use, and irrigation – will contribute to reducing the impact of natural hazards on agriculture, which is highly relevant for small farms, too. Regarding climate change, FAO's assistance was focused on improving the response of relevant government institutions to existing gaps, referring to the lack of relevant data and information on woody biomass potential, consumption and contribution, with the aim of contributing to reach national targets for renewable energy sources –a relevant goal particularly for rural households in mountainous areas.
- iii. Capacity development and policy support to women's role in Albanian agriculture. The aim is to improve women's access to productive resource needs through: promotion of proactive policy instruments that address women's rights to natural and financial resources, support of employment creation, diversification of rural economies, and the provision of related extension services for women and through pilot projects. Further support in joint collaboration with UN Women is envisaged.
- iv. Alignment of agriculture and rural development policies with EU standards. Here there has been included support for:
 1. harmonization with the EU legislation of technical measures;
 2. the preparation of a National Land Consolidation Strategy (endorsed by the Albanian government in the end of 2016) and a land consolidation pilot project;
 3. MARD to strengthen capacities in policy design to improve the competitiveness of agriculture;
 4. institutional policy structures;
 5. linking farmers with local and tourist markets;
 6. reducing risks in agriculture; and
 7. increasing the resilience of farmers.

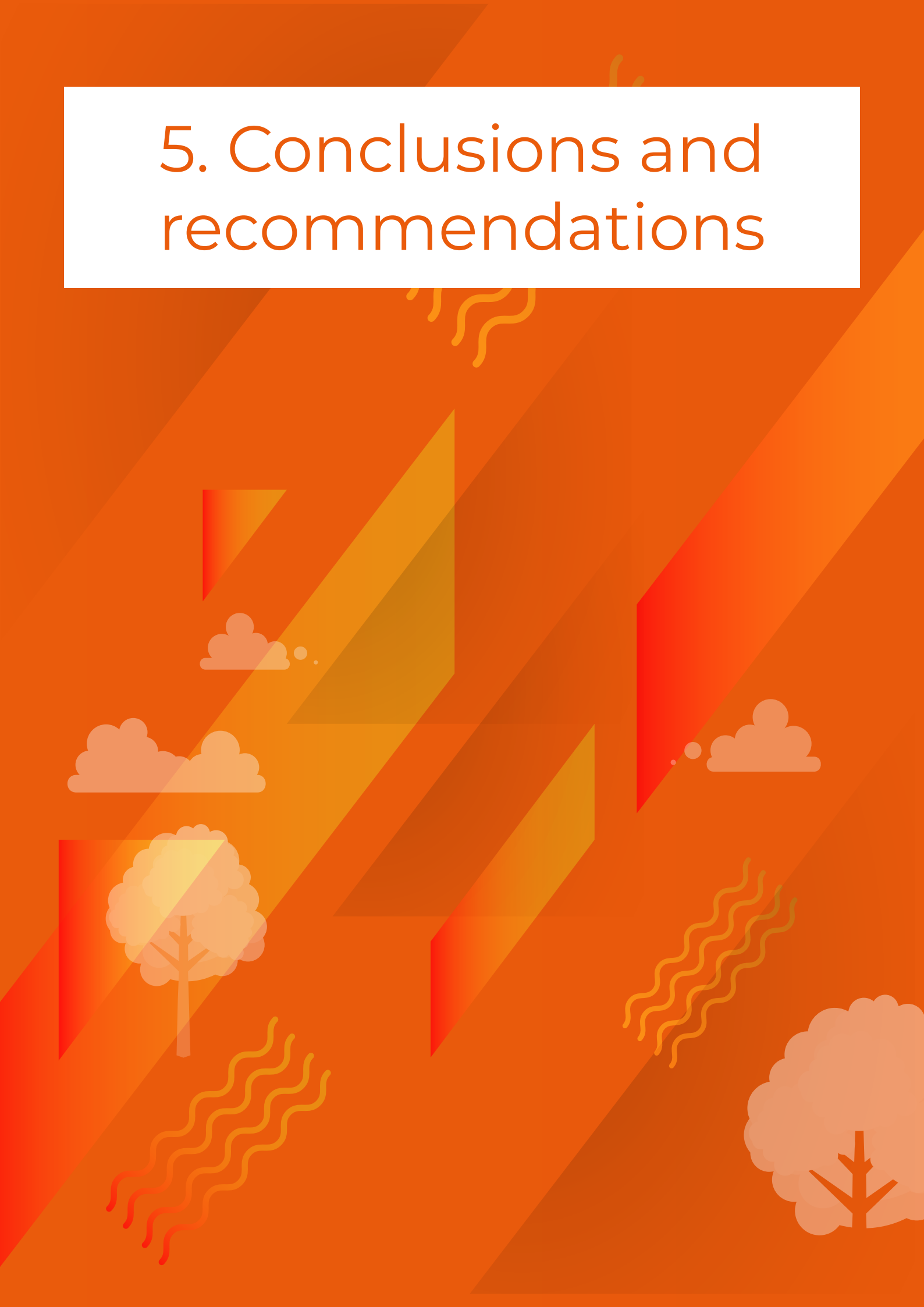
In addition, there has been provided support on agricultural trade policies, developing measures to support quality food production, and capacity building on the assessment of food safety and quality standards, which is important to improve farmers' access to markets, especially for smaller farms. Other support includes technical support to extension services and producers' groups, technical support for the fight against plant and animal diseases, and capacity development of Agricultural Technology Transfer Centres and extension services for rural diversification projects.

4.2 Policy preconditions for smallholders

According to senior MARD officials, there is a strong need and potential to further improve and increase coordination related to policy-making within the ministry and with other institutions. A special unit is needed to coordinate all policies in line with the targets set by the Government of Albania and international organizations. One well-functioning example is the IPARD Managing Authority. There also is a need also for an economic analysis unit, which could also take a role in coordination.

There was an initiative named “rural proofing” in the Agriculture Development Strategy of 2007–2013. There was an idea to establish a unit within the Ministry of Agriculture to coordinate policies and information for rural development, but it was not implemented. A lack of formalization also is associated with a high food-safety challenge.

5. Conclusions and recommendations



This chapter includes Section 5.1, which provides the conclusions of the study based on the analysis in the previous chapters, and Section 5.2, which provides recommendations.

According to this study report findings, the suggested classification for farms is:

- small and very small farms are up to 2 ha in size; and
- large farms are those larger than 2 ha, while very large farms are 10 ha or more.

According to the proposed classification, 86 percent of the roughly 350 000 farms in Albania have up to 2 ha, while the rest (14 percent) have more than 2 ha. Although no sex-disaggregated data is available on the size of farms, 6.5 percent of farms are headed by women. Thus, agriculture production is completely dominated by smallholders and family farms, mostly led by men. Most conclusions and recommendations in this section are relevant for both small farms/holdings and agriculture sector as a whole.

5.1 Conclusions

5.1.1 Role and weight in the economy of small and family farms

Around 86 percent of farms in Albania are small and family farms. Agriculture remains one of the largest sectors in Albania and accounts for about one-fifth of the gross domestic product.

GVA/AWU, which an indicator of labour productivity, has doubled in ten years, increasing from EUR 2 200 in 2005 to EUR 3 300 in 2010 and to EUR 4 500 in 2015. However, despite the improvement, three-fourths of the households generate very low income from agriculture, much below the limit of the economically viable farm.

Although the export/import cover ratio has doubled (from 11 percent in 2005 to 22 percent in 2015 and 25 percent in 2016) during recent years, it still remains low.

5.1.2 Rural livelihood strategies and employment

In sum, family farms and smallholders are critical for food security of the Albanian population, as well as for poverty reduction in rural areas. However, small average farm sizes, combined with excessive land fragmentation, the low level of land-related investments, erosion, degradation, and the loss of agriculture land to other uses, are persisting challenges. Low income revenues from agriculture and underemployment lead family farms to develop livelihood strategies based on income diversification

linked with the migration of one or several of its members. However, income diversification strategies are limited in rural areas, given reduced off-farm employment opportunities. Also, income diversification is not easy to track, given the high levels of informality in Albania.

Because of limited personal betterment opportunities of family farms, family members are using migration and its remittances to move out of agriculture. At the same time, though, many of the successful farms and processing plants are being operated by returning migrants, who bring their savings as well as their know-how (Kilic *et al.*, 2009). Therefore, migration and its remittances seem to be slowly but steadily reducing the number of farmers, and at the same time contributing to the success of those who decide to invest in agriculture.

Agriculture is the main source of employment and income in rural areas, despite the challenges that the sector faces. However, over the years there has been observed a significant decrease in employment in the agriculture sector – by almost one-fifth since 2005 – due to socio-demographic and economic structural changes. The number of on-farm working days per household varies significantly by region, related to differences in sectoral patterns and to alternative employment opportunities. Overall, there is underemployment among rural households in most regions in Albania; thus, the need and potential exist to increase the utilization of labour in such areas.

There is lower labour force participation among women than among men. Women are less likely to search for jobs, mainly due to prioritizing the role of housewife, and have lower access to work paid for by others than do men in rural areas. Female employment rates are lower than male rates in rural areas.

5.1.3 Land market and tenure

The land reform implemented in the early 1990s, in which state agricultural land was equally distributed to the rural population, resulted in small and fragmented farms that hampered the growth and competitiveness of agriculture. Despite the reforms implemented by the Government of Albania, there are still many challenges faced by farmers in Albania, such as:

- inefficient functioning of the agricultural land market;
- small farm size;
- fragmentation of land ownership and land use;
- low levels of registered agricultural land;
- women's de facto unequal access to land;
- gaps in the function of the Immovable Property Registration System; and
- inefficient dispute-resolution mechanisms.

The Government is working towards land consolidation, and FAO is ready to provide technical support should funds be available. The National Strategy on Gender Equality 2014–2020 aims to ensure equal enjoyment among women and men of property rights on agricultural land. This is in line with the 2016 CEDAW recommendations regarding equal property rights of women and men in land management and land registration.

5.1.4 Access to market, standards and value chain coordination

The agrifood sector in general is facing problems with creating market institutions, improving the efficiency of distribution channels, meeting national and international quality and food safety standards and building the administrative capacity to support these processes. There are gaps in food safety standards throughout the food value chain going downstream.

Better-performing value chains are required to enable competition with imports in the domestic market while improving standards to improve access to export markets, particularly in lucrative markets in the European Union that are very demanding in terms of standards. Two important aspects in this context are:

- a) long-term relationships and contracts with buyers (improving vertical coordination); and
- b) cooperation and collective action (improving horizontal coordination).

These aspects are highly interrelated, as often the only way for smallholders to have long-term relationships and contracts with buyers is through participation in farmers' groups, cooperatives or economic interest groups/joint-stock companies. Collective action, if well managed, contributes to achieving the scales of economy that make it more attractive for buyers to deal with smallholders (thanks to the possibility of consolidating larger volumes and thus reducing transaction costs, of better managing post-harvest handling and thus reducing post-harvest losses, and of facilitating the diffusion of good practices and innovations and thus increasing productivity). In turn, the bargaining power of organized farmers in the contracting process can be strengthened.

There are gaps in food safety standards throughout the downstream food value chain. Albania faces serious problems with the national food safety control system in terms of legislation, infrastructure, institutional capacity, control, and enforcement, and these problems create real and perceived safety risks for consumers. The dairy sector still faces numerous challenges, as does the meat sector. The lack of formalization is associated with a high food-safety challenge. The Albanian Government considers food safety and consumer health protection a policy priority in its EU approximation agenda.

Standards, including traceability, can be achieved, improved and maintained only through efficient vertical and horizontal coordination. In Albania, there have been few cases of successful cooperatives or collective action initiatives – many undertakings have failed due to a number of reasons (including mentality and “bad memories” from the communist past).

Many farmers are reluctant towards the notion of cooperatives because of reminiscences to the communist past of the country (FAO, 2016). However, recently there has been observed a growing interest and willingness to cooperate among farmers (Imami *et al.*, 2017). For effective cooperation among women farmers and men farmers, gender-based differentiated policy actions and interventions are required.

In the Section 5.2, recommendations are provided for supporting vertical and horizontal cooperation.

There is an increased demand on local products, including organic food, Km 0 and the slow food movement, which have a strong potential for the development of smallholders and family farms.

5.1.5 Access to finance

Access to finance has been a major challenge for the agriculture sector development in Albania. This is related to and caused by the situation of land titles, as mentioned above, as well as high informality. The share of credits provided to agriculture and fisheries has been historically extremely small (roughly 2 percent of the total during recent years). Small farmers have limited availability of collateral, low education and a lack of financial literacy. A survey conducted by UN Women (2016) identified that 73 percent of men and 65 percent of women declared that they had not visited a bank in the past year. Also, access to state subsidies is hampered by a number of factors, including high levels of bureaucracy, lack of information, and gaps in transparency in the application procedure and in the distribution of grants. Access to finance is even lower for rural women, who face additional gender-based constraints. A lack of networks and advocacy, along with the existence of male dominance in information channels, decreases women's access to financial support. The National Gender Equality Strategy aims, among others, at increasing the number of women farmers benefiting from subsidy schemes, in line with the 2016 recommendations of the CEDAW committee.

5.1.6 Access to services and inputs

Farmers in Albania, similar to those in other developing or transition countries, face major constraints in realizing high-quality, consistent supplies. The low quality of seeds and seedlings has often resulted in low yields or complete failures of new cultivated crops. However, problems that often are associated with inputs have arisen not because of input quality, but because of the lack of know-how. Farmers often lack the appropriate knowledge about production technology and the use of inputs, and when they fail, many blame input suppliers. Farmers also often lack basic equipment, e.g. for pesticides sprays, and thus are unable to ensure the proper application of pesticides. Input suppliers are the main source of advice for farmers, but often they are not competent. They have (potentially) a conflict of interest. In other words, they may advise farmers to use more quantities of pesticides in order to sell more, or they can orient farmers towards inputs for which they have higher (retail) margins.

Extension services have had gaps in economic/management/marketing/accounting expertise. They also have often been without the services of a zoo-technician, which is a must to assist livestock farmers to improve efficiency, according to interviews with inputs/animal feed traders. Public extension services do not have the sufficient resources to reach out all farmers. The public extension has been subject to reform in recent years and is now critically under-staffed.

The number of women beneficiaries of extension services increased from 5 percent in 2011 to 10 percent in 2015 (FAO, 2016). The National Strategy on Gender Equality 2014–2020 aims at increasing the number of women farmers benefiting from extension services, in line with CEDAW recommendations.

The Albanian Government has undertaken major reforms in agricultural research, dating back to 2006. Five Agricultural Technology Transfer Centres (ATTCs) have been established with the mission of technology transfer. Scientific research remains at universities such as the Agricultural University of Tirana. The level of the research performed by ATTCs and AUT is modest due to a lack of resources.

5.1.7 Natural resources and environment

The level of awareness of climate change and its negative impacts is growing, both in the public and among state officials. Floods are becoming an increasing problem, especially in the northwestern part of the country, although they also occur in other areas of the low country. Despite rich water resources and recent infrastructure improvements, the level is still low; about 60 percent of potential irrigation land is irrigated.

Soil erosion is present, especially on the non-fertile land in the hilly and mountainous areas. Its main factors are rainfall, altitude above sea level, the slope of the terrain, and plant coverings, along with such human factors as deforestation, poor hydro-technical management of steep agricultural land, low levels of investment for maintenance of agricultural land, forest fires, and pastures.

There are serious issues related to the quality of some pesticides that may affect agriculture production performance in addition to human health and the environment. The transmission of nitrogen, phosphorus, pesticides, sediments, and salts from agricultural production to surface water and groundwater is an important source of water quality problems, and it is a growing concern in Albania. Investments in the treatment of waste and the education of farmers, as well as the enforcement of legislation, are priorities (MARDWA, 2014).

5.1.8 Access to education and training

Adult literacy rates are close to 100 percent for both women and men, and there are no gender-based differences in attendance to compulsory education. However, the level of education is lower in rural areas than in urban areas for all types of education and for both women and men. Access to tertiary education is directly linked to the economic status of the family: 28 percent of women and 31 percent of men from the highest wealth quintile have some university education, while only 1 percent of both sexes from the lowest quintile have access to tertiary education (FAO, 2016).

Major constraints for completing high school in rural areas, compared to urban ones, include remote school infrastructure, high distances and poor road network, lack of transport, and the increasing opportunity costs to follow education (higher demand for incomes from families in times of financial or remittance shocks) (DSA, 2016b). Furthermore, vocational schools and adult training centres are mainly located in urban Albania, while they are almost absent in the rural parts of the country (FAO, 2016).

To address this challenge, the Outcome of Priority C of the Employment and Skills Strategy 2014-2020, envisages that: all women and men have access to training and support services enabling their contribution to, and benefiting from, socio-economic development across regions, especially the rural population. For this, inter-ministerial cooperation has been established to improve vocational education and training (VET) and employment services to rural areas. Particular attention is paid to ensure that the VET and employment services reach vulnerable, marginalized and disadvantaged individuals. Priority C also envisages, among others, the establishment of a mentoring programme for women and girls in rural areas, and capacity development and coaching for women and men on business development.

5.1.9 Social protection and social services

The overall spending on social protection (excluding health) on people only amounts to 0.2 percent of the GDP and is mostly focused on old-age pensions, along with support to reduce the risks of and address some needs during poverty, illness, unemployment and maternity. The pension system is under pressure due to the large share of informal economy. The dependency ratio in 2016 was 1.41 in urban and only 0.38 in rural areas.

In 2016, the Government of Albania approved the National Strategy for Social Protection 2015–2020. The strategy aims at reforming the Social Protection Program through the transformation of the social assistance scheme into an active scheme by enabling social re-integration, the revision of the system of disability evaluation, and ensuring re-integration of children in families and community including orphans and ensuring the delivery of integrated services. One of the priorities is to ensure the necessary funding for groups at stake through the National Fund for Social Services and the Regional Funds for Social Services. The strategy does not provide special measures for rural areas and residents, although it acknowledges that rural residents tend to have higher exposure to poverty (MoSWY, 2016).

Social services are mostly funded by the state and delivered by NGOs. However, they are underfunded, and 90 percent of all services are in urban areas (FAO, 2018b). For example, about two-thirds of the rural population do not attend preschool education, compared to half in urban areas.

The Employment and Skills Strategy 2014–2016 envisages, as a form to increase the socio-economic development of rural areas, a reform of the social assistance system to link welfare benefits with the reintegration into the labour market in order to reduce inactivity rates, and the increase of nurseries and child-care facilities in rural areas for family reconciliation. The latter is also envisaged in the Gender Equality Strategy 2014–2020 as a form to advance towards the economic empowerment of women in rural areas.

5.1.10 Policies

Accessibility of financial support for small farms varies by type of schemes. For example, some national schemes, such as support for new plantations (vineyards, olives, orchards and MAPs), have been accessible for both small and larger farmers. Other national schemes, such as those supporting certain greenhouse investments and livestock direct payments, have targeted larger farms.

The situation is also mixed in terms of donor-supported projects. From the implementation of IPARD-like, EUR 5.3 million have been disbursed (during 2012–2014) for agricultural and agro-processing investments, benefiting 85 larger farmers and processors. Access to the IPARD-like fund was perceived as challenging by interviewed farmers and experts. Most farmers are not able to meet the requirements in terms of standards and documentation. IPARD-like (and IPARD II in the future), targets larger farmers and food processors who can meet the requirements.

In the case of the Danida/GIZ-SARED programme, which is focused on disadvantaged areas and on the fruits, MAPs and small ruminants value chains, the competitive grants are more accessible for small farmers, and the programme supports smaller investments than does IPARD-like. This project typically targeted and supported small farms through grants and technical assistance. For small ruminants,

while IPARD-like required farmers to have 100 head, 30 was sufficient for SARED applicants. For fruits, an IPARD-like investment application would be eligible if it was at least 1 ha in size, but for SARED, the equivalent would be 0.2 ha at the end of the investment implementation.

Regarding projects providing technical assistance, both smaller and larger farmers (which are still small when compared to most EU countries) have been found to benefit. In the report, we also provide examples

5.2 Recommendations

As seen in the conclusions, smallholders and family farms are key to ensuring food security and reduction of poverty in rural areas of Albania. The trend documented in the past two decades is a process in which some rural families move out from agriculture, some of them migrating permanently to urban settings. The reduced economic opportunities in rural areas (both on-farm and off-farm), along with limited social services, education opportunities and social welfare (including leisure) are behind this trend.

The Government should ensure the holistic development of rural areas so that economic opportunities – both on-farm and off-farm – are available, along with better social services, education opportunities, leisure and other aspects relevant for social welfare. Leaving family farms should be a personal option, not a need. Therefore, policies should ensure that those smallholders and family farms willing to stay have the means to grow and develop their business and that those smallholders willing to move out from agriculture have other income opportunities that can help rural development. Many policies are already in place and have targeted many of the needs of family farms and their members. However, further efforts are still needed.

Some specific recommendations³⁶ are the following:

5.2.1 Continue the development of statistics, in line with the Sustainable Development Goals and EU standards

- The lack of basic statistics regarding agriculture and rural development, including sex-disaggregated data reporting for families and small farms, should be addressed.
- There is a need for a complete and gender-responsive farm register that can serve as a source of information, per se, and as a basis for surveys (sampling).

³⁶ These recommendations are in line with the results of this report and are informed by the recommendations resulting from other FAO reports (FAO, 2016; FAO, 2018a; FAO, 2018b) and the Joint Call for Action (FAO, 2017), a joint commitment reached by countries of Europe and Central Asia, FAO and members of civil society towards a socially inclusive rural development at the conference “Promoting socially inclusive rural development in Europe and Central Asia: Action for the Agenda 2030.” For more information on the conference, please visit: <http://www.fao.org/europe/events/detail-events/en/c/461793/>.

- The agriculture statistical department at MARD should improve data collection and processing capacities, with a focus on evidence-based policy programming and decision-making.
- Cooperation with Agriculture University of Tirana (AUT) (in addition to INSTAT, which is compulsory) is important to build up synergy between statistical capacities at MARD and INSTAT and analytical capacities at AUT.
- Specific indicators and statistics related to small farms should be introduced. First and foremost, it is important to report statistics for this category of farmers specifically and to collect key figures on income.
- Indicators should be introduced related to strategy (ISARD) implementation and to the Sustainable Development Goals, when applicable (including sex disaggregation, for example).

5.2.2 Support the holistic improvement of family farms, along with the development of on-farm and off-farm employment and economic opportunities for women and men

- A holistic approach to agriculture and rural development that involves social protection, infrastructure, social welfare and economic development is necessary. It is recommended to support development at the community/village level by preparing a Community Development Plan through an inclusive and participatory process.
- A pro-poor approach is essential, targeting those in the lowest quintiles, with particular attention to vulnerable groups, people living in remote areas, and female-headed households. For this, the Ministry of Social Welfare and Youth can be involved in the inter-institutional working group that designs agricultural policies.
- The development of off-farm income opportunities in rural areas is essential. The Government should continue supporting the development of processed products. In particular, gastronomic gourmet products linked to tourism are particularly promising (FAO, 2018b).
- The joint titling of farms and the figure of the farm co-manager, established by law in EU countries such as Belgium and Spain, should be explored and adapted to Albania as a method of reducing the informality of work of women and increasing their access to social protection, income and decision-making. This would help implement Objective 1.3 of the National Strategy on Gender Equality, which aims at reducing unpaid work for women in the agricultural sector and increasing the formalization of jobs in agriculture for women.
- More efforts and funding are necessary towards the achievement of the Employment and Skills Strategy 2014–2020, particularly to the improvement of vocational education and training (VET) and employment services to rural areas.
- Local administrative capacity for job creation should become available and supported in rural

areas to provide labour market information (developments and prospects).

- Enable practical internships where missing and/or improve existing practical internship programmes for vocational education and training, with focus on agriculture/rural areas.
- Support diversification enterprises in rural areas to increase opportunities for off-farm income generation and employment.
- Fiscal incentives can be provided to small and medium enterprise development and start-ups located in rural areas, particularly to those that employ women (for example, a tax exclusion for a certain period).

5.2.3 Improve farm registration, the land market and land tenure

- Develop a complete, fully accessible and sex-disaggregated farm register, which includes co-registration of farm co-managers.
- Support the formalization of farmers (mainly through incentives, such as subsidies).
- Along with the farm register, develop a Land Parcel Information System, an animal register, and a Farm Accountancy Data Network. These represent important preconditions for implementing specific investment support policies in line with EU regulations.
- The possibility of linking Taxpayer Identification Numbers (TIN) with farmers' land should be considered. This will facilitate some of the procedures of the local administration and contribute to keeping updated information for each potential applicant for IPARD II funds.
- The simplification of rules and regulations is considered in order to narrow administrative limitations related to the issuance of TIN, taking into consideration some of the infrastructural and logistical problems faced by villagers in particularly remote and isolated areas.
- Disaggregation of the farmer's card should be considered in order to ensure that rural women are able to make decisions on their own about the use of their land and apply for funds when appropriate. This will increase their bargaining power with other rural women and their participation in local networks and ensure the maximization of their inputs through access to programme funds.
- In the future, priority should be placed on enhancing the agricultural land market, partly through having a more vivid ownership and rental land market and the development of a National Land Consolidation Programme (MARDWA, 2014).
- Revise the rules and improve the enforcement of land registration of all legal owners (avoiding registration on the name of the so-called "head of the household," as advised by the 2016 recommendations of the CEDAW Committee). Reform Article 224 of the Civil Code and the land registration system to avoid the identification of a single "head of the household."

- Ensure that sex-disaggregated information on land registration is collected by immovable property registrations, in line with SDG target 5.a.
- Improve the enforcement of land legislation and provisions, including compliance with land management requirements, control of land legislation implementation, and enforcement of regulations regarding abandoned lands, degraded lands, etc.
- Establish less-complicated, less-bureaucratic and less-costly land transaction and registration procedures. Local governments now have the competence for registration of agricultural land, but most of them do not have the necessary human and technical capacity to carry out this task. They need support from central government, including larger budgets to hire more experts engaged with land registration, equipment, and capacity building.
- A National Land Consolidation Programme should be developed as a follow-up to the adoption of the National Land Consolidation Strategy in 2016 to address structural problems with small farm sizes and land fragmentation. The programme should be implemented in line with the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT), along with the VGGT technical guide on Governing Land for Women and Men.
- The compensation process should be finalized for “pre-1945” owners where physical restitution of land rights is not possible in order to diminish possible claims and reduce the conflicts and threat perceived by post-collectivization farmers.
- The immovable properties database should be unified.
- There is a clear need to support development of the agricultural land market through more efficient and less costly land registration procedures. This will reduce the high degree of informal land transactions and improve security of tenure rights in line with Voluntary Guidelines on the Responsible Governance of Tenure.
- Analyze and reduce double taxation, fees and other economic burdens that may limit co-registration of spouses, and of all legal owners.
- Use incentives (rather than punishments) for farmers who do not use land or who do not rent out their land. Maybe they don't rent out land because there is no demand; in such a case, it would not be appropriate to penalize them by introducing fines or additional taxes for unused land.

5.2.4 Improve access to markets, food safety standards and value chain coordination

IMPROVE FOOD SAFETY AND FOOD QUALITY:

- To promote food-safety standards, the first milestone is to formalize agriculture. Awareness among farmers about standards (e.g. safety and quality standards, including national minimum standards and EU standards) should be achieved. This is necessary to improve market access,

especially for exports, but also to benefit from IPARD schemes. Farmer awareness can be built and improved through extension services and through various informative platforms. Without improving awareness about standards, there will not be sufficient action taken by farmers to tackle such standards.

- A Market Information System (MIS) and market research and outlook, especially for the export market, are critical needs for policymakers and private sector actors. There is a need to urgently take steps towards establishing a) MIS and b) a market trends and outlook observatory. MIS can be established and run by the MARD statistical sector, as in the past, and/or by AUT. The market trends and outlook observatory can be established at AUT with the support of MARD/Government of Albania, to ensure sustainability.
- Raise awareness, train and support adoption of good agricultural and collection practices (GACP), Hazard Analysis and Critical Control Points, International Organization for Standardization (ISO) standards, organic production certification, and traceability systems.
- Ensure the design of communication channels and regular dissemination of specific information about new technologies, hygiene standards, marketing standards and product quality in line with EU requirements that reach both women and men, including from remote areas and from vulnerable groups.
- Prepare manuals/guides or update existing ones related to good practices for each sector.
- Because there is a significant gap between policy goals on reaching EU-related market and safety standards and the reality in the field, it is necessary to review the legislation related to agriculture and rural development and ensure that realistic transitory periods are in place, while at the same time stepping up efforts to raise awareness and to provide funding and technical assistance for compliance with regulations.
- Introduce “appropriate” standards and regulation for on-farm activities in Albania. This is essential if smallholders are to gradually improve the quality and safety of foods produced in Albania to comply with EU requirements or other food safety and quality requirements of trading partners. On the other hand, there is a need to invest in the government food safety system in a holistic manner for sustainable development of the farming sector.
- Improve quality standards, performance and marketability. The activities to be carried out to improve quality along the value chain should include: advising farmers on plants and varieties in view of soil parameters and production technology, leading to a high-quality product; and training harvesters on using appropriate and sustainable harvesting and post-harvesting practices. It is important to promote soil suitability analysis and climacteric suitability.
- Quality and safety assurance infrastructure is needed. The most frequently mentioned issue in terms of quality assurance and enhancement is the need for accredited reference control labs. One specific case is that of medicinal and aromatic plants, in order to control the quality (including the chemical characteristics) of essential oils and dried and processed products. This would also strengthen bargaining power towards buyers.
- In remote areas where farms are too small and there is no potential to increase farm size, it is

important to identify strategies for using best the small farm land, maximizing the use and benefit for food grown for self-consumption and for selling, when possible, to improve efficiency.

DEVELOP LOCAL MARKETS AND TARGET LOCAL DEMAND:

- Promote agri-tourism and slow-food, organic production, especially in hilly and mountainous areas (where there is also usually a higher concentration of poorer and smaller farms). Promote the development of local territorial products and KM 0 and local markets.
- As part of the development and promotion of territorial products, identification of regions with potential for organic agriculture is needed. That can also have spill-over effects for agri-tourism.
- Conduct consumer studies and promote consumer education about food safety and quality standards, KM 0 and organic food. Identify and promote autochthone/indigenous plants with market potential. There are plenty of MAPs that represent this potential, which also offer high prospects for income diversification and rural women's and men's economic empowerment (FAO, 2018a). The development of beekeeping and gastronomic production also have high potential for the development of rural businesses for women and men (FAO, 2018a), all these three areas linked to coastal tourism and agri-tourism.
- With typical local products, it is possible to operate with small quantities, especially in areas where agri-tourism is developed, such as the region of Durrës. For agri-tourism, it is important to improve and introduce basic quality standards and to introduce technical assistance for processing technology (interview with Endrit Kullaj).

SUPPORT VALUE CHAIN ORGANIZATION AND CONTRACT FARMING:

- A more systematic approach to value chain organization should consider innovative events aimed at raising awareness of chain organization benefits, along with capacity-building training and seminars on chain organization. Support for farmers also should be considered, through exporters or through other large processors. Support should be offered to current professional associations (MAPs, olive oil, etc.) to build up capacities and ensure coordination, including of aspects related to policy-making.
- FAO can provide technical support in the development of contract farming. It is recommended to consider the following when designing support measures for encouraging contract farming (CF):
 - Promoting CF as an inclusive business model that provides benefits for smallholder farmers and buyers (this implies a good selection of candidate CF schemes based on an in-depth socio-economic and gender analysis, including farm budgets as well as costs and returns of CF investments and recurrent operational costs of managing the CF scheme);
 - Developing a code of conduct or guidelines for inclusive contract farming;
 - Providing technical assistance alongside financial support, given the importance of creating sustainable CF business models for the capacity development of both farmers and buyers;
 - Linking organizational development to contract farming to reduce the transaction costs of doing business with smallholder farmers; and

- Conditioning agro-processors or traders for applying for grants, with demonstrations of contracts with farmers (as is done in some cases in the context of the IPARD programme).

SUPPORT THE DEVELOPMENT OF AGRICULTURAL COOPERATION:

- There is a need for an awareness campaign for farmers on cooperatives regarding how they function, what are the benefits and conditions, and more.
- Activities to be supported include gender-responsive technical assistance and coaching on establishing and managing farmer groups and designing programmes for farmers' groups. Support for agricultural cooperation is usually required in the following areas:
 - strengthening governance and leadership structures and capacities;
 - strengthening business management capacities;
 - developing service capacities (for both members and non-members);
 - developing capacities of members (e.g. technical, entrepreneurial, managerial); and
 - developing marketing capacities (e.g. market research and market linkages for inputs and outputs).
- Various experts highlight the need to establish raw success models that can serve as an example for other female and male farmers. This can be accompanied by measures that promote collaboration and improved networking among rural women.

5.2.5 Improve access to finance and reduce some taxation

Further support to redirect remittances to agriculture for those farmers interested in scaling up is needed.

Fiscal incentives can be provided to small and medium enterprise development and start-ups located in rural areas, particularly to those that employ women (a tax exclusion for a certain period, for example). These incentives and other support schemes need to be adapted to the reality of women and men (e.g. regarding lack of farm or land registration), so can be more widely available.

- Reduce the financial illiteracy of smallholders and family farmers, particularly women; this might increase their chances of applying for creditor grant financing. That can be done through trainings by advisory services and other actors.
- Support women and women's groups in applying for government-funded or donor-funded grants. More policy efforts should be undertaken to orient funding towards women by introducing gender-based criteria (e.g. ranking) for funding schemes.
- Promote higher competition in the financial sector by supporting increased bank coverage in rural areas.

- Support women and men in their acquisition of proper land and property titles, which are necessary to access both loans and grants, in some cases. Although most farmers have land titles, some still don't, and not all legal land owners are registered.
- In order to increase the access of women and men to IPARD II grants and alike, online verification of the eligibility of potential applicants should be made available by the programme unit through timely coordination and cooperation with other institutions. This will be more cost effective and contribute to building trust in relationships with institutions.
- Regular raising of awareness about grants and the mobilization of local social capital to develop cooperative attitudes should be encouraged and supported. This requires the development of relationships of trust, the establishment of formalized farmers' groups and the improvement of rural smallholders' bargaining power.
- Assess the impact of ongoing credit schemes for farmers (including the project implemented by EBRD in agreement with Albanian Banks), and further adapt the program to the needs of female and male farmers.
- Reduce/waive value-added tax (VAT) for inputs and simple equipment, similar to what is done in neighbouring countries to reduce production costs, which are very high.
- Reduce tax or provide financial compensation for the high cost of fuel. The cost of ploughing land and soil is high because fuel is bought at same price as that used for cars. The cost includes, in addition to VAT, transport/travel (road) costs; that is absurd for agriculture machines that generally do not use roads, as they do not travel from one region to the other. To minimize the risk of abuse that can emerge if petrol is sold without taxes at lower prices, farmers could be subsidized a lump sum or flat payment per hectare of ploughed land that can correspond to the value of taxes collected for the sold fuel. For that, it would be necessary to have a farm register. Introduction of this and other fiscal measures should be done in a cautious way to ensure compatibility with EU common agricultural practices and World Trade Organization policies.

5.2.6 Improve access to extension services, innovation and inputs, within sustainable and environmentally friendly use of natural resources and agriculture inputs

REGARDING EXTENSION SERVICES AND INNOVATION:

- Establish model farms to promote government policy priorities and support them intensively.
- Agriculture advisory services should be reformed in order to transform the top-down approach inherited from the past and to provide a demand-driven service that is equally accessible for men and women. Improve the extension service monitoring system by introducing a results-based monitoring system.
- The capacities of rural advisory services should be developed not only on agriculture-related topics,

but also on business management, marketing, food processing, income diversification, tourism and environmentally and socially sustainable development.

- The number of staff members of public rural advisory services should increase, and they should be provided with enough equipment to be able to reach the beneficiaries. The involvement of private operators should be enhanced, especially for lower-skilled tasks (grafting and using inputs, for example) such as those offered by agrochemical shop clerks. Their embedded services (in the case of input shop salespeople) should be oriented towards women farmers by engaging women community leaders and women's production groups.
- Increase information and communications technology (ICT) information, such as web-based and mobile-based information, with the support of extension services.
- To overcome physical distances, a better use of media should be considered, such as promoting special programs for women and men farmers for local radio and TV stations.
- Create a platform where service providers can be identified based on their fields of expertise.
- Promote inter-branch organizations. At the sector level, for example in MAPs, the ten largest enterprises need to develop a good understanding of the current situation and outlook. They could procure analysis studies, conferences and other activities to produce and exchange knowledge (involving both businesses, policymakers and academia).
- Promote the introduction of land use protocols, orienting towards the culture of using lab analysis for land, irrigation water, products. For example, the land cadastre register/system combines geo-reference information with information on soil characteristics. However, most farmers do not use this information. Such advice could come from extension services.
- Extension services can and should assist farmers in the preparation of investment plans. Farmers often have no economic, financial or legal understanding, and therefore they need training and technical assistance.
- Small-scale semi-subsistence farmers engaged in many activities should be advised on the best approaches of land use by extension services and others. Help farmers keep records such as invoices properly. Introducing bookkeeping and accounting is also needed in the context of the professionalization of the sector. This can be done by extension services.
- Sales are still largely spot oriented, which means higher risks and lower prices. Thus, marketing advice should be provided (by extension services, for example).
- Prepare off-the-shelf investment projects for different sectors that can orient farmers in their investment decisions and applications for grants. This can be delivered by extension services. Scrutinize the existing communication channels used by MoARDWA, extension services and FAO to communicate with farmers. Monitor and ensure that information about extension services and FAO project activities reach both women and men.

REGARDING INPUTS:

- Strengthen state institutions' quality control of inputs.
- Promote soil suitability tests for new (imported) seeds and seedlings.
- Provide training on how to better use pesticides and support small farmers in buying simple equipment (for spray pesticides, for example). Farmers should receive strong support from public extension services on the safe use of chemicals (pesticides and fertilizers), so farmers would rely less on the recommendations of sellers, who do not necessarily provide advice on the least-polluting or safest chemicals, and who would not advise the reduction of chemical use.

5.2.7 Improve the access to training and education of rural women and men

- Promote preschool education in rural areas for its dual effect of increasing the quality of education for children and of reducing the childcare load for rural women. Budgetary reallocation should be carried out for the education sector, from university education to lower levels of education.
- In line with the objectives of the Employment and Skills Strategy 2014–2020, strengthen the public vocational education and training (VET) system, particularly VET in rural areas, ensuring that it reaches and benefits both women and men, including those from vulnerable, marginalized and disadvantaged groups. Some particular measures of the Strategy to be further developed and implemented are the scaling up of a mentoring programme for women and girls in rural areas and capacity development and coaching for rural women and men on business development.
- Promote entrepreneurship and employment of vocational education (VE) students in rural areas. Efforts to promote VET as an employment mechanism should be continued and expanded.
- Increase perceptions on the advantage of VE for employment by promoting VE in national media, especially in the agriculture field.
- Improve curriculum and employment history by strengthening relationships between business and VE.
- Provide scholarships for attending agriculture vocational education, particularly for females from rural areas.
- Provide flexible vocational training for areas with difficult access and for profiles that are needed but have limited demand. Mobile training centres and networking with training providers from other projects should be promoted by enhancing collaboration with potential farms.
- Training programmes should avoid lengthy sessions and improper locations, and they should not be conducted during intensive harvesting periods (for example, winter is the best period for such activities).

- Provide scholarships for young women and men from rural areas to study agriculture and related studies at high schools and universities. Accompany this grant scheme with an informative campaign that motivates both women and men to engage in the scheme.
- Improve transportation to schools and high schools, with particular focus on ensuring that it is user-friendly both for boys and girls.

5.2.8 Further develop social protection, as well as social and physical infrastructure

- Revise social assistance programs, so the number of self-employed women and men working in agriculture increases.
- Substantially increase the budget on social assistance, and continue the implementation of the reform of the Social Protection System under the Employment and Skills Strategy 2014–2020 that aims to link assistance with inclusion into the labour market.
- Implement and increase efforts on the raising of awareness of rural communities of existing social services and on the benefits for women and men to subscribe to them forecasted under the national strategy on Social Protection 2014–2020.
- Include paternity benefits as a of promoting equal rights and responsibilities for reproductive activities.
- Promote preschool education in rural areas for its dual effect of increasing the quality of education for children and of reducing the childcare load for rural women, and ensure that preschool education in rural areas is offered at affordable costs and is in reasonable distances with beneficiaries. For this, continue the increase of child-care facilities in rural areas, as envisaged both in the Employment and Skills Strategy 2014–2020 and the Gender Equality Strategy 2014–2020. Continue investing in rural infrastructure, key for the social and economic development of family farms and its members. Particular emphasis needs to be placed in the development of roads, piped water, electricity and ICTs.

5.2.9 Policies

- Prepare off-the-shelf investment projects for different sectors that can orient farmers in their investment decisions and applications for grants. This can be delivered by extension services.

One major concern is the gap between the requirements imposed by the legislation (often introduced in the context of the EU approximation process) and real-world situations, especially in the case of standards. Various standards are not and cannot be fully implemented by most farmers, especially by the smallest-scale farmers. This has negative consequences – including, most notably, (in)eligibility for IPARD II schemes, which assume compliance with national standards. In this context, it is necessary again to review carefully the legislation related to agriculture and rural development and to ensure that realistic transitory periods are in place, while on the other hand stepping up efforts

to raise awareness and to provide funding and technical assistance for compliance with regulations. On the other hand, there is a need for financial support for investments; IPARD II will be a good opportunity.

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