Regional Initiative: Empowering Smallholders and Family Farms for Improved Rural Livelihoods and Poverty Reduction—

Country report of Albania

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The definition and role/weight of smallholders
### Contribution to the economy

![Graph showing GVA contribution](image)

#### Employment

![Graph showing employment](image)

### Categorization of farm

- According to the Census of Agricultural Holdings 2012, 98% of the agricultural holdings in Albania are family holdings/farms.

- No unified definition for small holdings. The suggested classification is up to 2 Ha.

<table>
<thead>
<tr>
<th>Area (ha)</th>
<th>No. of farms</th>
<th>Percentage</th>
<th>Expert categorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1–1.0</td>
<td>159,856</td>
<td>45.55</td>
<td>Very small - Substance / semi-subsistence</td>
</tr>
<tr>
<td>1.1–2.0</td>
<td>142,084</td>
<td>40.49</td>
<td>Small - Limited potential to be economically viable</td>
</tr>
<tr>
<td>2.1 +</td>
<td>48,976</td>
<td>13.96</td>
<td>Moderately large and very large - Significant potential to be economically viable</td>
</tr>
</tbody>
</table>

**Total** 350,916 100

**One major concern: Poor statistics**
Farm size and fragmentation

• Land reform resulted in small and highly fragmented farms;
• land reform generated property rights insecurity due to overlap of claims. There has been a high level of bureaucracy too;
• the agricultural land market has not been functioning leading to many informal and thus insecure land transactions.

Small farm size & high fragmentation combined with limited mechanization, limited access to services and finance all combined result in low income and low productivity;
• cooperation is necessary to overcome this gap, however cooperation is not very common in the agriculture sector – lack of trust and negative experience from the past, are among the factors;
• there have been many efforts in the past to establish cooperatives– most of such attempts have not been successful (top down approach, driven by donor financial support).
Key challenges

Access to market and standards

- Gaps in food safety standards legal and institutional framework, and in implementation of standards throughout the food value chain going downstream, which affect farmers (as well as consumers);
- Most farmers do lack information or awareness related to standards. 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 of funds (eg IPARD):

  Lack of standards is typically associated with or caused by lack of value chain organization, including lack of cooperation or contract farming.
Access to inputs and services

- Farmers face major constraints in producing high-quality, consistent supplies. This is caused by financial constraints as well as low input quality and lack of technical capacity etc.
- Farmers report that seeds are often of low quality.
- Limited access to TA – public extension services have limited resources, while inputs suppliers remain the main source of TA (often not perceived as reliable!).

Access to finance

- Limited availability of collateral related to land ownership & small farm size;
- Informality.
- High interest rate.
- Low education level of farmers towards crediting and financial management.
- Lack of information among farmers for different options of financing.
- Limited economist assistance/aid provided by government (eg. for poor households or for unemployed).
- Few support measures target small farms (eg. SARED vs. IPARD).
Recommendations

Recommendations (1) – evidence / AIS

• Improve statistical and information system to be able to monitor small farms performance and contribution.
  – Introduce specific indicators/statistics related to small farms/holdings.
  – Introduce indicators related to strategy (ISARD) implementation and to SDGs when applicable.
Recommendations (2) – Access to Finance

• Support farmers to have (updated/proper) land/property titles (necessary to access both loans & grants in some cases).
• Support development of the agricultural land market and to address the problem of excessive land fragmentation and small farm sizes through a national land consolidation programme (implementation of the LC strategy).
• Reduce the financial illiteracy of small/family farms, particularly women which might increase their chances to apply for creditor grant financing (eg. through trainings).

Recommendations (3) - Market and standards

• Prepare new manuals/guides or update existing ones related to good practices for each sector.
• Promote development of local territorial products, in all aspects, including creation of brands, protocols etc.
• Promote agro-tourism and slow-food, organic production, especially in hilly and mountainous areas.
• Small semi-subsistence farmers, engaged with many activities, should be advised on the best approaches of land use.
Recommendations (4) – Improve VC organization

- Promote contract farming as a strategy to improve market access and access to inputs.
- Promote collective action (eg. empower existing production groups and support new emerging ones) as alternative strategy to improve market access and access to inputs.

*Establishing “raw success models” is the most effective strategy to promote contract farming (CF) and cooperation.*

- Build up capacities of farmers, policy makers and extension services to adjust decision-making to climate changes.

Thank you