



Food and Agriculture
Organization of the
United Nations

MARKET AND VALUE CHAIN ANALYSIS OF SELECTED SECTORS

FOR DIVERSIFICATION OF THE RURAL ECONOMY
AND WOMEN'S ECONOMIC EMPOWERMENT

ALBANIA



**Market and value chain analysis of selected sectors
for diversification of the rural economy and
women's economic empowerment**

The Food and Agriculture Organization of the United Nations
Budapest, 2018

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ISBN 978-92-5-130447-1

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Acknowledgements

This report has been commissioned by the FAO Regional Office for Europe and Central Asia, under the project TCPf/ALB/3601/C1 on *Advancing rural women's economic empowerment through income diversification*. This report has been prepared by the national consultants Blendi Gërdoçi and Merita H. Meçe, with guidance and input from Aroa Santiago Bautista, FAO Gender mainstreaming specialist, and support from Arben Kipi, Assistant FAO representative to Albania.

The authors would like to express their gratitude to FAO staff for their positive and constructive support throughout the study. Special thanks are extended to the officials of the Ministry of Agriculture, Rural Development and Water Administration, the representatives of the Regional Directorates of Agriculture in the target study areas and to their respective specialists in the extension sector for their professional and continuous support.

Thanks are also extended to other practitioners, the rural inhabitants of the study areas and the representatives of various non-governmental organizations, rural associations, women's groups and local businesses, who dedicated their time to taking part in interviews and contributed their experience to this study.

Acronyms

ACA	Agricultural Cooperation Association
ADAMA	Albanian Dairy and Meat Association
ALL	Albanian lek
ATTC	Agricultural Technology Transfer Center
BSP	Business Service Providers
CAP	Common Agricultural Policy
CBS	Creative Business Solutions
EC	European Commission
EU	European Union
EUD	European Union Delegation
EUR	euro
FAO	Food and Agriculture Organization of the United Nations
GDI	Gender Development Index
GDP	Gross domestic product
GTZ	German Agency for Technical Cooperation
GVA	Gross value added
HDI	Human Development Index
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for Pre-Accession Assistance on Rural Development
ISARD	Inter-sectoral Strategy for Agriculture and Rural Development
MAPs	Medicinal and aromatic plants
MARDWA	Ministry of Agriculture, Rural Development and Water Administration
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
SME	Small and medium-sized enterprises
SWOT	Strengths, weaknesses, opportunities and threats
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USD	United States dollar
USDA	United States Department of Agriculture
VAT	Value-added tax
VC	Value chain
WB	World Bank
WTO	World Trade Organization

Executive summary

Study objective and methodology

The economic empowerment of rural women is critical for the continuing improvement of agriculture and further development of the rural sector. Increased participation of women in value-added productive activities requires an understanding of all of the barriers that limit their participation along the value chains. Addressing these barriers can transform women's role in this sector and catalyse their economic empowerment.

This study was conducted by a team of two national experts under the broader FAO REU project on advancing rural women's economic empowerment through income diversification. The main purpose of the qualitative study was to contribute to the generation of knowledge for informed policies and interventions, which can close the gender gap in rural areas in order to strengthen the livelihoods of rural populations, reduce poverty and generate sustainable rural development in Albania. The study presents the results of a cross-regional market and gender-sensitive value chain analysis conducted in three geographical areas – Berat, Korça and Vlora – and at different levels of the selected value chains, including producers, processors, exporters and traders. This project was carried out during the period October 2016 to January 2017. From a list of eight predefined value chains, three were selected for this study: medicinal and aromatic plants (MAPs), beekeeping, and traditional food and gourmet production. Their selection was based on the high potential for growth that they showed for the actors involved in the chains, and the strong economic opportunities that they provided for the empowerment of rural women in particular.

The objectives of the study were twofold:

1. An assessment of the key areas of interest and windows of opportunity for rural women in three selected regions (Berat, Korça and Vlora);
2. The development of an intervention strategy to support rural women's entrepreneurship, income diversification and access to grants.

The overall objective of this study was achieved through the following steps:

- A gender-sensitive preliminary assessment of eight predefined value chains (trout and aquaculture; agro-tourism; traditional food and gourmet production; medicinal and aromatic plants; dairy production; handicrafts linked with organic wool; olive oil and soap production; and beekeeping);
- Market and value chain analysis of the three high-scoring value chains (MAPs, beekeeping, and traditional food and gourmet production);
- The identification and analysis of the role of rural women along each value chain;
- An assessment of the gender-sensitive constraints and opportunities along the value chains;
- The development of policy recommendations to improve the economic empowerment of rural women and women's groups;

- The development of an intervention strategy to support the economic empowerment of rural women along these value chains.

This qualitative study employed a cross-sectional, non-experimental research design using different research tools. Desk research was intensively focused on a literature review, aimed at generating a broad picture of the value chains, the actors involved, and the challenges and opportunities. This was followed by a phase of field research, which consisted of two sub-phases: (a) the preliminary assessment of eight predefined value chains in terms of their economic potential for growth and inclusive opportunities for the economic empowerment of rural women; and (b) an in-depth market and gender-sensitive value chain analysis of the three selected value chains. Information was gathered through a set of instruments which were designed and applied to both sub-phases: individual interviews and group interviews targeting value chain actors, women's groups, experts, academics, local and national officials, non-governmental organizations and business service providers. In total, 68 people were interviewed, 34 women and 34 men. Interviewees were selected in close collaboration with the Regional Directorates of Agriculture in the three study regions (Berat, Korça and Vlora).

A one-day workshop was held in Tirana to present the findings of the study and discuss them with a range of duty bearers and stakeholders, including high-level representatives from MARDWA and local government structures; representatives from the authorities of target areas and potential local and international organizations; and representatives from the donor community and other specialized research institutes. Open discussions and fruitful debate contributed to the validation and analysis of the findings, thereby enriching our understanding of the importance of the removal of structural barriers to ensure the economic empowerment of rural women along the value chains. The key findings of this study for the three selected value chains are presented below.

Key findings on the selected value chains

The **Medicinal and aromatic plants (MAPs)** sector is export-oriented, representing about 18 percent of total agricultural exports. It is a labour-intensive sector employing mostly women and young people. MAPs grown in the wild dominate total country production, despite the increased cultivation of some varieties of MAPs. However, rising demand for cultivated MAPs is challenged by a range of factors, including a lack of necessary know-how from farmers, ageing of the rural population, a lack of financial means to invest in cultivated MAPs, and the high standards required for cultivation and post-harvesting.

The key value chain (VC) actors are inputs suppliers, cultivators, harvesters, consolidators and processors / exporters. There are other actors in the value chain who offer various services, for example, advisory services, certification and technical assistance. The value chain is poorly organized, especially at producer level, while it is more formalized and structured at the processing and export levels. In general, the value chain shows a growing vertical integration, and almost no cooperation at horizontal level. Fierce competition among Albanian exporters is continuously pressing profit margins, especially for the varieties of MAPs that are in high demand. The lack of coordination among cultivators and value chain drivers jeopardizes both demand and price sustainability.

Exporters are trying to upgrade their processes in order to comply with international standards and add more value to their products. Most of the value captured by farmers depends on the type of MAPs cultivated or collected in the wild, knowledge about cultivation and post-harvesting procedures and supply

chain coordination. Additionally, more value added can be captured by farmers if some of the later post-harvest processing, such as drying, can be performed before the product is sold to buyers. Increasing storage and drying capacities in the areas where products are collected or cultivated could substantially increase the value that is captured by farmers.

A gender analysis of the MAPs value chain shows that women are mainly involved in the production level, including manual and highly-intensive labour activities. Their double burden, in productive work and unpaid home tasks, becomes particularly high during harvesting peaks. The lack of land ownership titles registered in their names prevents them from benefitting from grants or debt financing. Even though their contribution to this value chain is significant, they still have little voice in contracts, negotiations and selling, which are male-dominated activities. Due to their limited access to vocational education and training, rural women are mostly unskilled workers and occupy low-paid jobs. Social practices and family expectations restrict their mobility outside the villages and shape their participation in associations.

Traditional food and gourmet production is a female-oriented activity. This sector is rarely discussed in the literature in spite of its potential to contribute to the economic empowerment of rural women. It is mainly discussed from the perspective of the promotion of local cuisine for tourism purposes. This is one of the reasons that there are no official statistics on this sector. The production of gourmet and traditional food by small producers for commercialization purposes is limited. Large-scale production of traditional products limits the potential for smaller producers.

Traditional food and gourmet production includes various processes and value chain links, such as input production, processing, packing and storing, and distribution and marketing. However, this type of structured value chain is only viable for large-scale producers. Small-scale producers use shorter supply chains, and product commercialization is based on informal networks. There are five main marketing channels for gourmet and traditional food producers: (1) small local groceries; (2) tourists visiting the area; (3) restaurants; (4) small shops specializing in organic and traditional food; and (5) local and national fairs.

Small producers are active in both the rural and urban areas of the selected regions. Even though there are no reliable data about the volumes of production, there is evidence of a growing demand for such products in areas characterized by a growing tourism sector. However, the commercialization of traditional food and gourmet products is still limited. Despite the difficulties faced by small producers in terms of thriving in a very competitive environment, some new niche markets are opening in the tourism sector. Additionally, some “rare” and unique products are in high demand by both Albanian and foreign customers.

The value chain analysis shows that female employees are usually employed on a weekly or monthly basis especially in small-scale factories, which creates problems for their health insurance, maternity leave and social security. They are unskilled workers and are usually coached by their employers. The total number of women registered as business owners is very low. They face various challenges related to access to markets and finance, fierce competition by established companies, difficulties in obtaining product certification and a lack of access to innovative, modern technologies and production methods. Horizontal and vertical networks – necessary for small producers to increase their production and bargaining power and their access to markets – are weak.

Beekeeping is a very profitable economic activity for both smallholders and large producers. The sector has developed rapidly during the last few years: honey production has increased, large-scale processors have invested in state of the art technologies and are exporting their production, and supermarket chains are demanding a wide variety of products. The growing interest among beekeepers to increase their production and the sustained high prices of honey are some good signs, showing an increasing domestic and foreign demand for this product.

There are different actors operating in this value chain: small producers (usually with between 5 and 20 beehives), medium producers (more than 50 beehives) and large producers (more than 100 beehives), large processors and retailers. Small-scale producers use short supply chains, while large-scale industry uses a more complex supply chain involving a large base of producers, agents, distribution companies and large supermarket chains. However, the majority of the beekeepers in the study areas work independently and sell their produce to a limited number of individual customers. They use informal channels of communication to promote and sell their products. With limited access to capital, they do not own processing lines and lack modern equipment for the transportation, harvesting, processing, packing and storing of beehive products. Conversely, large processors – such as Morava Ltd. – have installed state of the art equipment and produce a wide range of products.

Within the study area, the number of people engaged in this activity is increasing. Even though there are no reliable data on the total number of beekeepers, the study's findings show that female beekeepers are highly underrepresented in local beekeepers' associations. Beekeeping is still perceived as a man's activity and is shaped by social practices and stereotypes. However, rural women are becoming increasingly involved driven by the need to diversify their income, even though they face various difficulties, including adopting modern aspects of beekeeping, accessing capital and participating in commercial beekeeping.

Recommended interventions for each selected value chain

Focusing on the generation of employment and income diversification as final impacts, the intervention strategy is based on four main outputs: (a) investment from grant schemes; (b) capacity building through training, coaching, experience sharing and study visits; (c) vertical and horizontal cooperation strengthening; and (d) access to finance.

Output 1 – Grant scheme interventions: Grants or matching grants are important funding mechanisms that can be used to increase access to finance, especially considering the level of poverty of women farmers and their limited access to credit and finance. Based on the experiences of previous programmes and projects, three different types of grants have been suggested in this report.

Output 2 – Capacity development: The range of capacity building activities and business development services will be based on a demand-driven approach. At farm level, access to certified seedlings and knowledge about plant nutrition, harvesting and post-harvesting procedures are very important for women farmers. At SME or cooperative level, services that make it possible for a firm to find customers, design and upgrade products, improve administration, communicate effectively and access new technology are crucial to boost competitiveness.

Output 3 – Vertical and horizontal cooperation: The study's findings suggest that vertical and horizontal cooperation is indispensable to value chain promotion, especially in some buyer-driven value chains (for

example, MAPs). In other cases, such as the gourmet and traditional food value chain, the use of a territorial promotion approach could boost cooperation among small producers and local accommodation, food and retail services. Some activities that could increase vertical cooperation and coordination include the facilitation of business to business linkages, strengthening relational ties, information sharing and knowledge transfer between buyers and farmers and improving market intelligence. Additionally, horizontal cooperation is key to attracting value chain drivers and reducing many of the distribution and transaction costs. Examples of activities include: branding local products based on geographical indication, training farmers to build effective and modern cooperatives, including developing knowledge on management, accounting, organization and marketing elements, and implementing contract farming between buyers and groups of farmers.

Output 4 – Access to finance: A lack of access to financial services has been identified as one of the key constraints to economic growth. This is particularly true for women farmers and women engaged in small-scale processing. The IPARD II scheme represents a significant opportunity to finance larger investments for women entrepreneurs or women farmers' groups. Output 4 will facilitate access to IPARD II funds by providing support to women for business planning and application forms. Collaboration with specialist service providers (for example, Creative Business Solutions (CBS)) would support the delivery of high-quality services to the target groups.

A proactive approach will be taken to identify and select potential beneficiaries in each value chain and target study areas. It will be followed by a value chain promotion strategy including market penetration, product development, market development and diversification. For this purpose, the following opportunities will be considered:

- Existing horizontal linkages, especially women farmers' groups that have been recently created;
- Existing vertical networks throughout the different chains;
- Areas in each region that offer opportunities for complementarities between value chains (for example, tourism and traditional food).

Policy recommendations to enhance access to grants

The harmonization of various policies, strategies and legal and regulatory frameworks should be a prerequisite for the successful economic empowerment of rural women through IPARD II. On the other hand, the IPARD II scheme will be more efficient and yield more sustainable results if a visible and measurable positive change in terms of the economic empowerment of rural women can be achieved. This measure should have well-articulated indicators that can be regularly monitored by rural women and community members. In this context, based on the findings of this study, it is recommended that:

- The programme should have a better understanding of the dynamics of the rural areas in Albania and should set clear targets for each region to ensure that none of them will be left behind due to various socio-economic and demographic disparities. Target setting should consider the diversity of rural women's groups and be bottom-up oriented.

- The place-based challenges created in rural areas due to the high migratory movements of the younger generation in general, and of young educated women in particular, should be complemented with some incentives and concrete policies to maintain balanced development. These incentives should be widely discussed with rural women and promoted among local communities to better serve their common interest.
- Land ownership rights should be better defined and protected to ensure women's land ownership titles, as well as control over assets. This requires: (1) better adoption of the land reform, which will improve regulation of the existing, dysfunctional land market and informal development, and (2) co-registration of land in the name of all its legal owners. The *Voluntary Guidelines on the Responsible Governance of Tenure* (FAO, 2012) and its technical guide on *Governing Land for Women and Men* (FAO, 2013) can inform this process.
- The consolidation of the farmer's register should be prioritized, alongside consideration of linking Taxpayer Identification Number (TIN) with farmer's land. This will facilitate some of the procedures of local administration and contribute to keeping updated information on each potential applicant for IPARD II funds.
- The simplification of rules and regulations to narrow the administrative limitations relating to issuance of TIN should be considered, taking into account some of the infrastructural and logistical problems faced by villagers in some remote and isolated areas.
- The disaggregation of farmer's cards should be considered, so that one card per farmer is distributed (instead of one card per family). This will enable rural women to take decisions on their own about the use of their land and apply for funds when appropriate. In turn, this will increase their bargaining power, their participation in local networks and their access to programme funds.
- 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 awareness raising about this new programme 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 the bargaining power of rural smallholders.
- Improved financial literacy of rural women should be a priority. Despite efforts made during the 2012–2014 IPARD programme to generate better coverage of this target group, it is recommended that specific training modules are prepared and put into practice. In addition to this, on-the-job coaching should be encouraged to upgrade women's technical, managerial and entrepreneurial skills.
- Support of rural women with technological cards to ensure food safety and traceability of their products is imperative. This should be delivered alongside the design of channels of communication and regular dissemination of specific information about new technologies, hygiene standards, marketing standards and quality products in line with EU requirements.

- Increased collaboration and improved networking among rural women should be accompanied with the design of appropriate measures that are strongly harmonized with other initiatives. It is worth noting that highly fragmented farming structures, combined with subsistence and semi-subsistence farms, might impose barriers to effective collaboration among rural women. This should be also taken into consideration when resource mobilization actions are developed.

1. Introduction

1.1 Study objectives

The present study aims to contribute to closing the gender gap in rural areas in order to strengthen the livelihoods of rural populations, reduce poverty and facilitate sustainable rural development. Key economic clusters that have the potential to support rural women living in the regions of Vlora, Berat and Korça in Albania have been identified. Within the study, a gender-sensitive value chain approach has been combined with a local and regional economic development approach.

The objectives of the report included:

- Conducting gender-sensitive market analyses and value chain analyses of selected products that have the potential to support rural women's entrepreneurship and income diversification. The economic clusters that were analysed include: trout and aquaculture; agro-tourism; traditional food and gourmet production; medicinal and aromatic plants; dairy production; handicrafts linked with organic wool; olive oil and soap production; and beekeeping. The selection of key economic clusters was carried out in close collaboration with MARDWA, regional and local authorities, and women farmers.
- Providing policy recommendations to remove structural barriers and improve the economic empowerment of rural women.
- Proposing an intervention strategy for three selected value chains which have the potential to support the economic empowerment of rural women.
- Presenting the findings of the study at national level to a range of stakeholders and duty bearers. The study was presented at the MARDWA premises in February 2017.

The results of the research, along with policy recommendations and the proposed intervention strategy are included in this report.

1.2 Albania at a glance

Albania is a small, mountainous country located in the Western Balkan region, with a total area of 28 750 square kilometres. Only 30 percent of its territory is categorized as flat land, making Albania one of the countries with the least agricultural land per capita (about 2 200 square metres, UNDP, 2016). Albania has a total population of 2 892 302 inhabitants, with a density of 100.6 persons per square kilometre and a sex ratio of 102.1 males to 100 females (INSTAT, 2015a). Demographic changes during the years of transition, mainly caused by significant fertility decline and high migration, have reduced the base of the population pyramid, decreasing the young age dependency ratio (from 46.5 percent in 2001 to 26.1 percent in 2015) and increasing the old age dependency ratio (from 12.0 percent in 2001 to 18.2 percent in 2015) (INSTAT, 2016a). The annual growth rate of the population was 0.3 percent during the period 2010 to 2015 (UNDP, 2015), while life expectancy at birth is 76.1 years for males and 79.7 years for females (INSTAT, 2016a).

The new law on territorial reform adopted by the parliament in July 2014 divided Albania in to 12 regions and 61 municipalities (Official Gazette, 2014). Following the OECD's (2011) definition, the country is classified into rural, intermediate and urban regions.¹ After 1991, migration and urbanization became more widely spread, reshaping the configuration of rural-urban distribution of the population: there was a decrease in the number of rural inhabitants from 63.6 percent in 1990 to 42.8 percent in 2015, and an increase in the size of the urban population from 36.4 percent in 1990 to 57.2 percent in 2015 (INSTAT, 2016a).

Albania is classified as a middle-income country, and during the last two decades, it has made tremendous efforts to stabilize its macro-economic situation. However, the long-term unemployment rate increased from 10.2 percent in 2011 to 11.3 percent in 2015 (EUROSTAT, 2014; EUROSTAT, 2016). Moreover, Albania's economic progress has not been equally distributed and the country did not achieve the same level of human progress (UNDP, 2016). Around 14.3 percent of the total population lives below the national poverty line and 0.5 percent of the population live on less than USD 1.25 a day (UNDP, 2015). Income inequality in 2014 was 18.3 percent, while the GINI coefficient was 29.0 for the period between 2005 and 2013 (UNDP, 2015). Albania has a Human Development Index score of 0.733, with an average growth of 0.67 for the period 1990 to 2014 (UNDP, 2015). Albania scored 0.704 in Gender Gap Index and is ranked 62nd out of 144 countries (World Economic Forum, 2016); it scored 0.217 in the Gender Inequality Index in 2014 and was ranked 45th among countries with high human development (UNDP, 2015) but 69th for women's economic participation (European Commission, 2016). Table 1 provides the key macro-economic indicators for Albania during the period 2011 to 2015.

Table 1: Key macro-economic indicators of Albania, 2011–2015

Description	Years				
	2011	2012	2013	2014	2015
GDP (in billions of EUR ²)	9.3	9.6	9.6	10.0	10.4
GDP per capita (in EUR)	3 189.3	3 307.2	3 324.2	3 458.7	3 601.1
Real GDP growth (%)	2.5	1.4	1.1	2.0	2.6
Inflation rate (%)	3.4	2.0	1.9	1.6	1.9
Current account balance (% of GDP)	-13.2	-10.2	-10.8	-12.9	-11.4
Unemployment rate (%)	13.4	14.4	15.9	17.5	17.1

Sources: INSTAT, 2016a; European Commission, 2016.

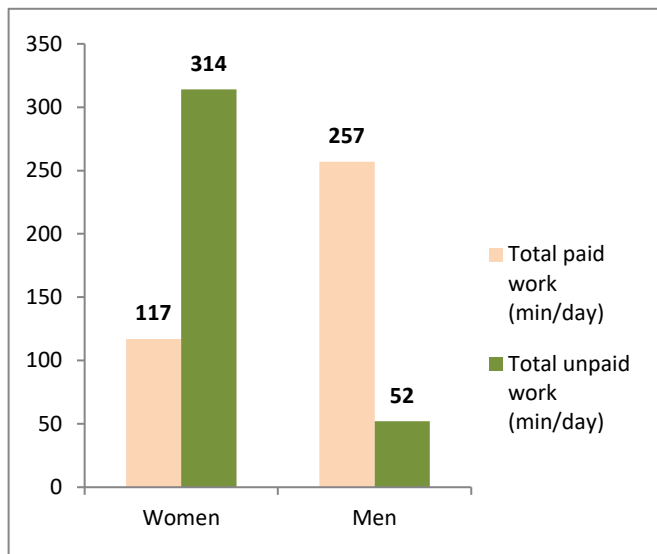
Albania is a parliamentary democracy and was granted the status of country candidate by the European Council in June 2014. Despite the various challenges that the country faces in terms of dysfunctional democracy and dysfunctional capitalism (UNDP, 2016), it is committed to fulfilling its European Union integration agenda. This is reflected in the 2014-2020 National Strategy on Development and Integration and other strategic documents.

¹ Rural regions are those where the rural population represents 50 percent or more of the total population; intermediate regions are those where the rural population is between 20 and 50 percent of the total population; and urban regions are those where the rural population constitutes less than 20 percent of the total population (INSTAT, 2014c).

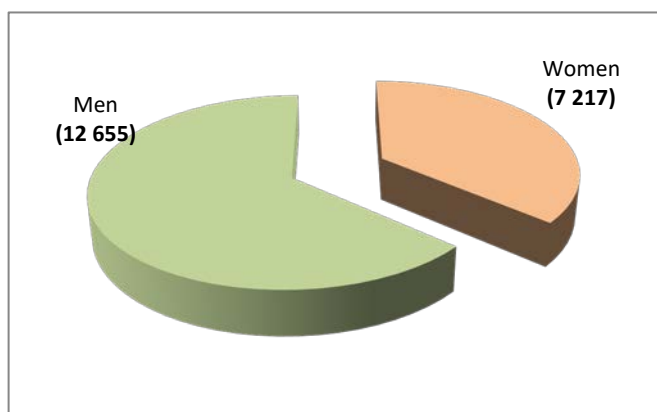
² This report uses ISO 4217 currency codes, which are listed in the Acronyms section.

1.3 Gender issues in rural Albania

Gender refers to the socially constructed characteristics, norms, ideologies, stereotypes and qualities that a given society ascribes to behaviour and the actions of women and men (DFID, 2015; FAO, 2016). Existing gender inequalities situate women in a lower social status compared with men, which in turn has direct, negative implications for women in terms of their access to resources, decision-making and opportunities. Article 14 on the rights of rural women of the Convention on the Elimination of All forms of Discrimination against Women (UN General Assembly, 1979), to which Albania is a State Party, acknowledges that gender inequalities affect rural women more disproportionately and that particular measures are needed to close the gender gap in rural areas.



1. Figure: Women's and men's total paid and unpaid work in minutes per day Source: UNDP, 2015



2. Figure: Gross national income per capita Source: UNDP, 2015.

Women represent 49.5 percent of the total population in Albania (INSTAT, 2016a), and the country is ranked 51 out of a total of 188 countries in the Gender Inequality Index, with a value of 0.267 (UNDP, 2016). Little progress has been made in reducing the gender gap in employment (European Commission, 2016). In 2015, 45.5 percent of women were employed compared with 52.9 percent of men (INSTAT, 2016a). Statistics show that in 2014, Gross National Income (GNI) per capita differed among women and men respectively: USD 7 217 for females and USD 12 655 for males (UNDP, 2015). Figure 1 shows the wage gap between women and men and levels of unpaid work, while Figure 2 shows the distribution of GNI per capita for women and men.

Structural changes that occurred during the years of transition from a centrally-planned economy to an open market economy, shifted the emphasis away from the agricultural sector towards the service sector (Bregasi, 2014). However, agriculture still forms the basis of the rural economy and accounted for 22.1 percent of Gross Domestic Product in 2015. It remains an important job provider in Albania (European Commission, 2016) employing 50.2 percent of women and 36.9

percent of men (INSTAT, 2014b). Table 2 shows the performance of key indicators in the agricultural sector during the period 2011 to 2015.

Table 2: Key figures for the agricultural sector in Albania, 2011–2015

Description	Years				
	2011	2012	2013	2014	2015
Contribution to GDP (%)	18.0	18.2	18.9	23	22.1
Gross agricultural production annual change (%)	4.8	5.7	-3.4	2.0	2.9
Exports (in millions USD)	132	140	161	187	194
Imports (in millions USD)	949	889	912	939	811
Employment (%)	45.7	46.2	44.2	42.7	41.3

Sources: European Commission, 2016; INSTAT, 2014; Mara, 2016; WTO, 2016.

In 2012, Utilized Agricultural Area (UAA) represented 41.8 percent of total Albanian territory, of which 51.5 percent was arable land, 42.1 percent permanent grassland and 6.4 percent permanent crops (MARDWA, 2015). According to INSTAT (2014c), there were 352 315 farms in rural areas: 96 percent of them were held by men and 4 percent were held by women (MARDWA, 2015). Over the years, the prevalence of small family operations and subsistence farming due to a lack of modern technology, high informality in all of the chains of agricultural products, unclear property rights and high land fragmentation have all limited the sector's efficiency (USDA, 2015) and increased gender disparities. The double burden faced by women because of their involvement in both productive and reproductive work, has limited their mobility and the time that they have available to upgrade their skills, improve their knowledge and increase their level of education (UNCTAD, 2014). The gender gap in education is one of the driving factors behind the number of low paid jobs taken by women in rural areas, where the share of women with upper secondary and higher education is 41 percent compared with 48 percent of men (MARDWA, 2015). Existing structural barriers have widened the gender gaps over the years, reducing women's access to well paid jobs and managerial positions and making them unable to realize their full potential.

The development of the rural sector and the empowerment of rural women have been a key focus for the Albanian government. Various projects funded by different donors have targeted these issues over the years. The 2014–2020 Inter-Sectoral Strategy for Agriculture and Rural Development (ISARD) in Albania prioritizes rural development by balancing regional development through the promotion of social inclusion, poverty reduction and balanced economic development. Furthermore, gender equality and the empowerment of all women and girls is one of the goals of the 2030 Agenda for Sustainable Development, and the Albanian government is committed to ensuring an inclusive and sustainable process.

1.4 Rural development policy, IPARD and diversification

The Common Agricultural Policy³ (CAP) agreement constitutes the basis for the design of IPARD II⁴ measures for both accession and pre-accession countries. The overall objective is to promote smart,

³ The Common Agricultural Policy (CAP) is a cornerstone of European integration. The CAP was created so that people could enjoy good food at affordable prices and farmers could earn a fair living. The European Union's farm policy sets out requirements for animal health and welfare, environmental protection and food safety. Sustainable rural development is the final component of this EU policy (European Commission, 2016).

⁴ IPARD – Instrument for Pre-Accession Assistance in Rural Development – is a specific programme of the Instrument for Pre-accession Assistance (IPA) that has a two-fold objective: (1) to provide assistance for the implementation of the acquis concerning the Common Agricultural Policy; and (2) to contribute to the sustainable adaptation of the agricultural sector and rural areas in the candidate country.

sustainable and inclusive growth while responding to the challenges of food safety, climate change, economic growth and jobs in rural areas. The increasing importance of regional value chains for the mobilization of local, endogenous potential and the creation of employment opportunities for the rural population as a whole has been integrated into the 2013 Common Agricultural Policy. This semi-sectoral approach underlines the importance of the concept of diversification in the EU Rural Development Policy.

The IPA rural development programme has four specific objectives: (1) enhancing farm viability and the competitiveness of all types of agriculture and primary food-processing, while progressively aligning with EU standards; (2) restoring, preserving and enhancing ecosystems dependent on agriculture and forestry; (3) promoting social and economic inclusion, poverty reduction and balanced territorial development in rural areas; and (4) the transfer of knowledge and innovation in agriculture, forestry and rural areas and strengthening the capacities of public administration. National authorities can choose from the different measures in order to enhance the potential of agriculture and rural development (FAO, 2013).

Under the third objective, one measure – farm diversification and business development – focuses on multiple specializations and linkages among sectors and industries within a region's economy. Rural diversification requires innovation in terms of products and services – adding new activities to a pre-existing company / area / region in order to provide income opportunities and mitigate market uncertainties. Investments under this measure can include on-farm support (for example, production of medicinal herbs and spices, ornamental plants, mushrooms, snails, earthworms, ostriches, beekeeping, aquaculture, or even the production of specific agricultural products for bio fuels) and off-farm support (for example, farm processing and marketing of produce at farm gate level, agro-tourism and associated activities, as well as the production of renewable energy) (FAO, 2013).

Women play a vital role in farming and the diversification of productive activities. However, inequality in terms of access to and enjoyment of land rights, limited access to resources, finance and advisory services and other types of gender discrimination negatively affect women's equal participation in socio-economic activities. These factors hinder women's potential for economic empowerment and constitute a substantial barrier to farm diversification and sustainable livelihoods in rural areas. Addressing these challenges, by ensuring that all IPARD measures that support diversification have a gender-sensitive approach, remains an imperative for both rural development and rural women's empowerment.

1.5 Report structure

This report is comprised of eight sections. Following the introduction presented in the first section, the second part describes the study's methodology, focusing on the gender-sensitive value chain approach and the respective methods that were utilized. The third section describes the situation analysis, including: a brief overview of the study's target areas based on a comparative approach; a detailed description of the analysis of the eight value chains highlighted earlier; and a discussion of the analytical and methodological approach used to select key value chains based on a specific set of criteria, along with the rationale for omitting some value chains and conducting further in-depth analysis of three of them, including a list of interesting business models that have some potential for the economic empowerment of rural women but are not included in the selected value chains. Analyses of production, market data and market trends for the three selected value chains namely, medicinal and aromatic plants, beekeeping, and gourmet and

traditional food are presented in the fourth section. The fifth part deals with value chain analysis, including the value chain actors, mapping, supply and marketing channels, value added and business models which underpin the potential for rural women's economic empowerment. This section also incorporates a SWOT analysis and a needs assessment to prepare the basis for a differential approach while designing an intervention strategy for the selected value chains. A specific sub-section is dedicated to other business models mainly relating to tourism and aquaculture. The sixth part focuses on the business environment, analysing external and competitive factors, stakeholders, government policies and good practices from NGO and donor-funded programmes. Policy recommendations are provided in the seventh section, highlighting the importance of a holistic intervention to improve the legal framework and to develop multi-tiered networks in order to stimulate the economic empowerment of rural women through access to the IPARD II programme. Finally, mirroring the situation and market and value chain analyses, the eighth part focuses on the intervention strategy that can constitute the basis for a new project to be implemented by FAO.

2. Methodology

2.1 General approach

The study approach combines market and value chain analysis with spatial (regional) analysis. The GIZ (2007) *ValueLinks Methodology*, the FAO (2014) *Review of gender and value chain analysis, development and evaluation toolkits*, the USAID (2009) guide on *Promoting gender equitable opportunities in agricultural value chains: A Handbook*, and the FAO (2016) *Developing gender-sensitive value chains: a guiding framework* have all been used to facilitate systematic market and value chain analyses and the elaboration of actions that support fair, equitable and strong changes in the community to ensure women's economic empowerment. This includes optimizing value chain functions, upgrading strategies, building groups, facilitating group networking, enhancing business support policies and improving access to finance. The study approach also included spatial (regional) analyses in order to consider regional potential and balance.

This research was carried out by a team of two national experts between October 2016 and January 2017 in the rural areas of three pre-selected regions in Albania – Berat, Korça and Vlora. It adopted a qualitative approach combining both desk-based and field research. The research was divided in two phases:

The first phase was based on a desk review of the identified sectors and sub-sectors in order to generate an understanding of market and value chains dynamics, the actors involved and the constraints and challenges, as well as identifying women's roles within the value chains. This phase employed secondary data sources drawn from a range of studies, analyses, policy papers and other relevant documents from both national and international sources (MARDWA, UNSTAT, EUROSTAT, USDA, UNIDO, and FAOSTAT).

The second phase consisted of field research and was divided in two sub-phases:

- a) A preliminary assessment of eight pre-defined value chains in order to assess their potential for employment generating opportunities for rural women and diversification of family income;
- b) Data collection on the three potential value chains in the three target regions.

Both sub-phases generated primary data which was collected in face-to-face, semi-structured interviews using open-ended and closed-ended questions with the following individuals and groups: (1) primary value chain actors (women farmers, vulnerable rural women, women entrepreneurs, cooperatives and women farmers' groups, value chain drivers); (2) Business Service Providers (BSPs), NGOs, Regional Development Agencies, Regional Directorates of Agriculture, representatives of MARDWA, representatives of Local Government Units (LGUs); (3) experts and other actors (including local and national experts [with expertise in value chain development, rural development, gender related issues] and representatives of rural women's organizations).

Before conducting the individual and group interviews, a short, welcoming note was prepared. It included information about the purpose of the interviews and the purpose of the study. Interviews were held in formal and informal settings and each of them lasted between 60 and 90 minutes. In total, 68 people were interviewed, 28 during the first sub-phase and 40 during the second sub-phase. Out of the total number of interviewees, 34 were women (50 percent of the sample). In the target regions, 24 people were

interviewed in Korça (10 men and 14 women); 18 people were interviewed in Berat (9 men and 9 women); and 21 people were interviewed in Vlora (12 men and 9 women). In addition, 5 people (3 men and 2 women) were interviewed in Tirana and they included high-level officials at MARDWA and other actors with expertise in value chain development.

2.2 Theoretical framework

From a theoretical standpoint, our analysis, along with the recommended actions and interventions, is underpinned by (1) gender-sensitive value chain analysis, (2) women's access to finance and (3) the theory of change. First, gender-sensitive value chain analysis helps us to understand the gender-based constraints in access to resources and opportunities embedded in the gender division of roles and responsibilities among women and men along the value chain (FAO, 2016). Second, understanding the barriers that impede women's access to finance can help in the design of effective interventions that tackle these barriers. Third, systemic implementation of these interventions and their consistent promotion facilitates change and yields positive outcomes for women, communities and society as a whole.

2.2.1 Gender-sensitive value chain analysis

"Value chain" refers to the full set of activities carried out by firms, farms and workers to bring a product or a service from its conception to consumers. It includes a range of activities from design, production, marketing and distribution to the support of end line users (Kaplinsky, 1998; Rubin, Manfre & Barrett, 2009). Women's involvement in the economic activities of the value chain is increasing, however, the socio-economic environment and institutional context in which they operate does not always positively support their role (Barrientos, 2011).

While women form the backbone of the rural economy, their role is usually invisible. They are frequently disadvantaged and very often underserved by suppliers and buyers in the value chains (Royal Tropical Institute *et al.*, 2012) because of the gender-related behaviours of men and women (USAID, 2011). The embedded gender division of tasks and responsibilities in the value chains and within households shapes women's access to finance, control over income, and influence on inputs and services and affects direct participation in payment services. Socially constructed gender norms influence women's participation in networks, relationships of trust and collaborative actions within value chains (USAID, 2011).

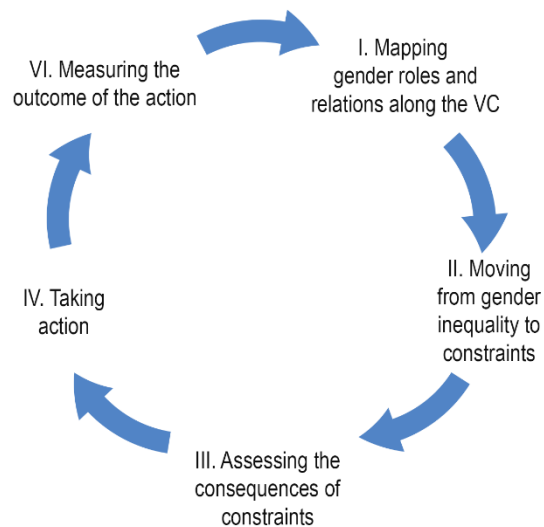
Several scholars argue that changes in women's position in the value chain affect men and the power relations deeply rooted in the context of intra-household bargaining and of society's social practices (Laven *et al.*, 2009; Wyrod, 2008). Constraints faced by women in gaining from value chain participation limit their ability to fully interact with male commercial actors (USAID, 2011). Thus, socially constructed gender relations shape value chain functioning at all levels because they are a primary component of the socio-economic context in which it takes place (FAO, 2016).

The disadvantageous position of women in agricultural value chains makes their contribution less valued because they do not benefit from the fair distribution of advantages, benefits and assets (Glenbow, 2011). On the one hand, this is a social justice issue that demonstrates how human rights are differently translated among women and men in society. On the other hand, it is directly linked to issues of gender equity and poverty reduction, taking into consideration, for example, that rural female-headed households have a higher prevalence of poverty than rural male-headed households (Royal Tropical Institute *et al.*, 2012). Therefore, from a rights-based approach, women's agency in a value chain is important to enable them to choose what to do in the value chain and to take on additional decision-making roles (see Figure 3. for a schematic approach to integrating gender in agricultural value chains).

From this standpoint, gender-sensitive value chain analysis introduces a new framework for examining the differences in individuals' access to (and exclusion from) particular activities within a value chain, the role of social relations in determining the capacity of individuals to build human capital and increase their gains from economic activities, and the gender differences among individuals in terms of both rewarding labour and effort (FAO, 2016; Rubin, Manfre & Barrett, 2009).

Figure 3.: Integrating gender in an agricultural value chain

INTEGRATING GENDER IN AGRICULTURAL VC



Source: Adapted from Rubin, Manfre & Barrett (2009).

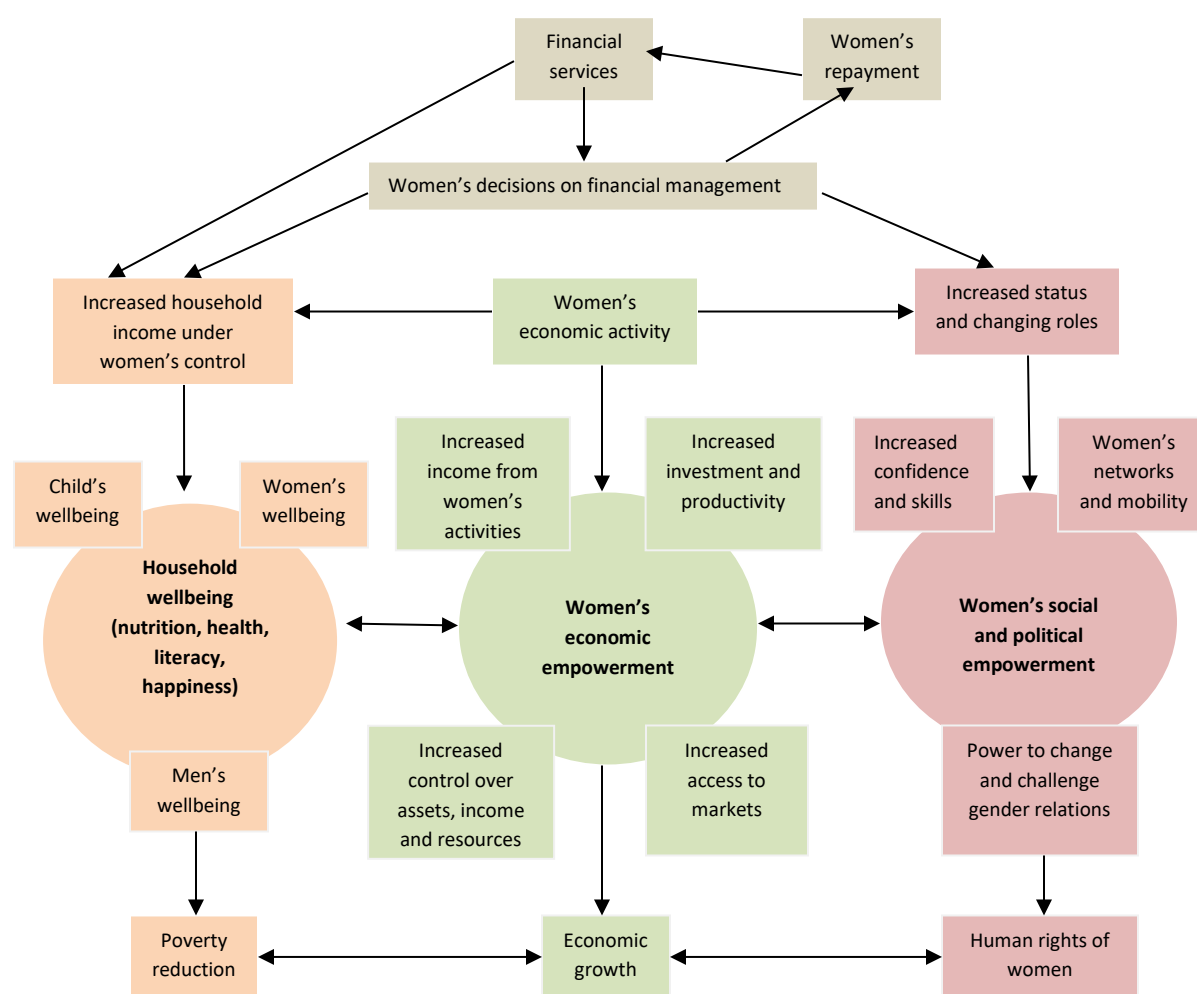
2.2.2 Access to finance

Access to finance is defined as access to all forms of formal and informal funding resources to meet consumption needs or to invest. Cash resources can derive from specialized institutions, loans from organizations, micro-credits from NGOs and government grants (UNECA, 2014). Lack of access to finance represents an impediment to women's income-generating opportunities and their economic welfare. Furthermore, it underestimates the contribution of women to the household income. Mostly considered to be supplemental, because it is partly used to meet daily expenses while the income of the men is mainly earned as a lump sum (and is therefore more visible), this distinction fosters a disconnection between women's economic contribution to the household and their perceived role (Women's World Banking, 2014). In particular, barriers to accessing financial resources disproportionately affect poor, rural women who usually have low levels of financial knowledge, more time constraints than urban women, and do not always trust financial institutions (UNCTAD, 2014).

Research has shown the various potential benefits of women's access to finance, demonstrating it to be a pivotal contributing factor in reducing their poverty, improving their economic empowerment, increasing their wellbeing and decreasing gender inequality (Mayoux & Harti, 2009). The virtuous spirals provided in Figure 4 show that: (a) women's improved access to finance increases their

participation in economic activities and raises their control over household income – this may, in turn, enable them to increase productivity, engage in the market and initiate a long-term investment; (b) women’s increased access to finance can improve household income and its wellbeing because women play a more active role within household decision-making processes by increasing expenditure on nutrition and education of children – this can reduce gender inequalities within the household; (c) economically empowered women who participate in household decision-making can have greater confidence and self-esteem – this can improve their status within the household, as well as their social and political empowerment, expanding their knowledge about network formation, increasing their opportunities for mobilization in groups, acting as role models within the community and leading processes of change in terms of community attitudes towards them; and (d) the economic empowerment of women at individual level can contribute to changes at macro-level because they will be perceived as agents of economic growth and poverty reduction promoting their human rights at macro level and mobilizing women towards collective action (Mayoux & Harti, 2009).

Figure 4: Microfinance and women’s empowerment: virtuous spirals

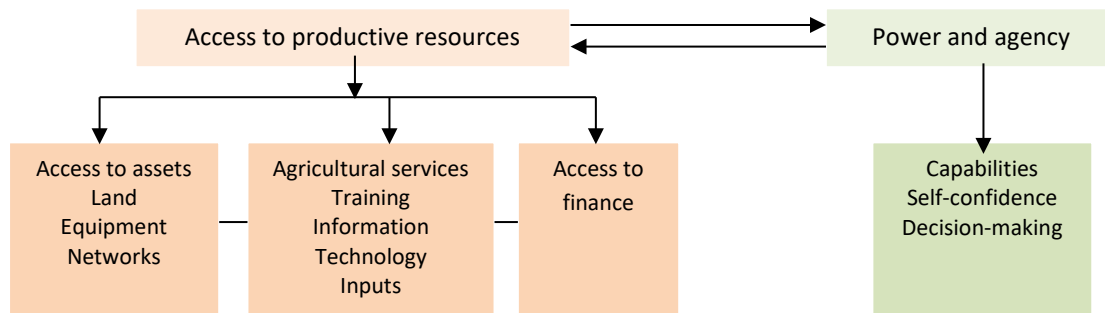


Source: Mayoux & Harti, 2009.

2.2.3 Women's economic empowerment and a theory of change

Economic empowerment is defined as the capacity of women and men to participate in, contribute to and benefit from growth processes which fairly distribute benefits to recipients, equally recognize their value-added contributions and respectfully strengthen their dignity (Eyben *et al.*, 2008). The economic empowerment of women is determined by the interaction between women's power and agency and their access to productive resources (FAO, 2016). This interaction takes place at various levels including households, communities and society. Figure 5 provides an illustration of this interaction.

Figure 5: Interaction between access to productive resources, agency and power



Source: Adapted from FAO, 2016.

Thus, women's economic empowerment creates opportunities for increased access to economic resources and productive assets including skills, knowledge and market information (OECD, 2012). This contributes to a more just and equitable society, which is a prerequisite for its sustainable development. However, women's economic empowerment is constrained by both individual and structural barriers which maintain the 'status quo' of the gender-segmented labour market structure characterized by a high number of women with low levels of education who are involved in underpaid, irregular, casual work or experience joblessness (Kabeer, 2012). Various studies have shown that regulatory frameworks can maintain and even reinforce gender inequalities in the labour market inherently rooted in social practices and community beliefs (Deere & Leon, 2001; Hallward-Driemeier & Gajigo, 2010; World Bank, 2008).

A theory of change explains how changes at micro-level (for example, the household) can lead to changes at community and societal levels (see

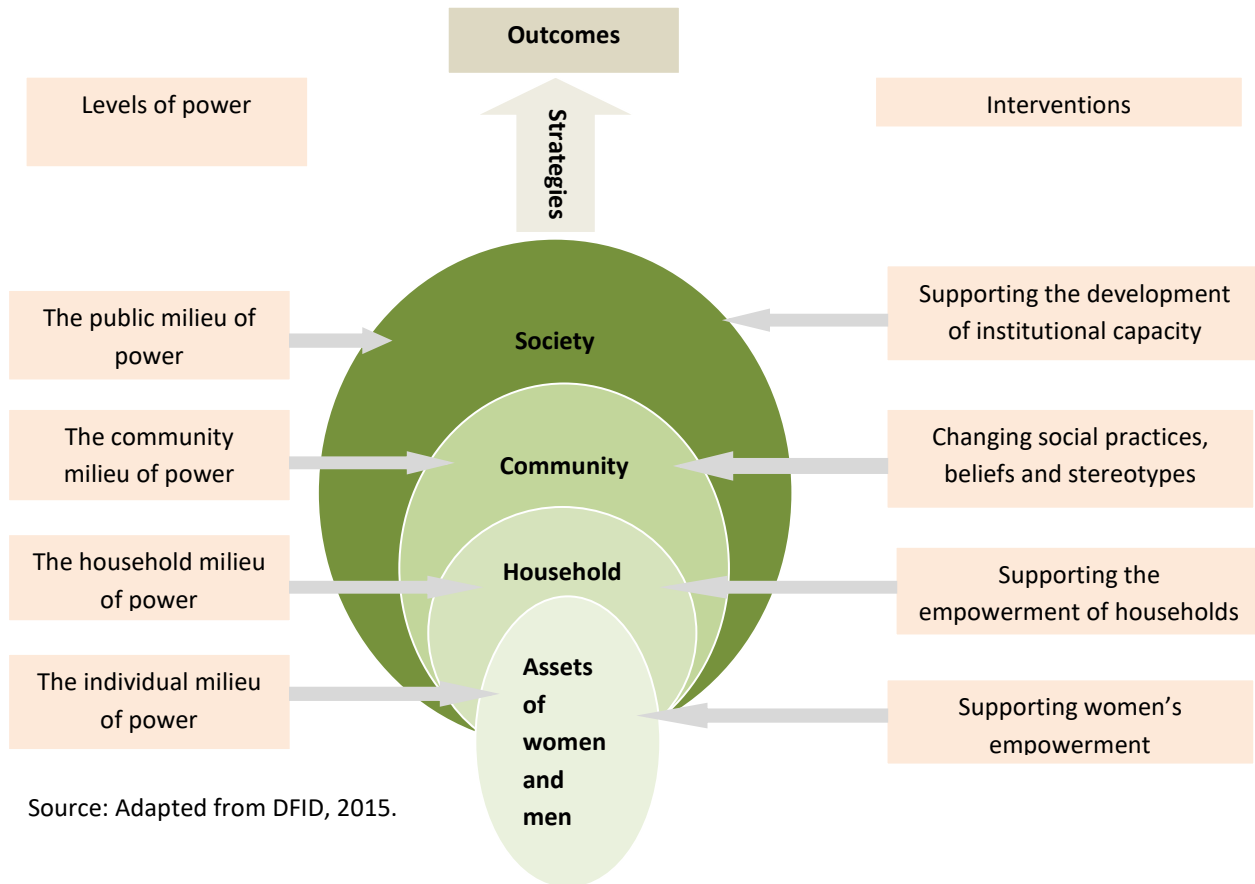
Figure 5 below, DFID, 2015). It focuses on the ways in which the economic empowerment of women can be stimulated by improvements in three dimensions: (1) the creation of assets; (2) the transfer of knowledge, skills and experience; and (3) wage transfers (McCord, 2012). This framework is based on the assumption that:

- a) The economic situation of women will be improved due to their employment, access to waged work, skills building and capacity to generate sustainable income;
- b) Women's power and agency will be strengthened due to their improved capacity to bargain within the household and the community, strengthened social capital among women or mixed groups,

increased control over resources because of enhanced levels of confidence and changed attitudes towards women due to men's increased sensitization to women's economic role;

- c) The economic empowerment of women and gender equality will be promoted by ensuring that they have equal access to benefits and opportunities by building linkages with community-based services and livelihood interventions (FAO, 2016).

Figure 6: A theory of change framework



Source: Adapted from DFID, 2015.

2.2.4 Methods

The methodological approach used in this study was chosen for both the nature of its output and its main objective. The market and value chain (VC) analyses raised many questions, including 'what', 'who' and 'which'. The answers to such questions have led to recommendations for a project proposal focused on rural women's empowerment that will address some of the bottlenecks identified during the research. However, the final results also yielded research questions such as 'how' and 'why'.

The research team used approaches tailored to each specific region, focusing on different regional-driven, gender-sensitive value chain developments, market opportunities and market trends. Push or pull strategies might be possible solutions to boost gender-based value chain development and rural women's economic empowerment. Hence, the research team carefully considered socio-economic, demographic and geographic regional differences. It tackled all challenges identified in each selected region related to a

range of dimensions including geographical location, sector, rural women's mobilization and chain level of development.

In light of the regional differences in value chain development and the complexity of women's economic empowerment, a multiple case approach was implemented, using an embedded design which included multiple units of analysis (for example, women farmers, small and medium-sized enterprises headed by women, cooperatives, women's organizations) and multiple perspectives from a range of different stakeholders. The aim was to identify:

- Similar results and taxonomies;
- Contrasting results for predictable reasons.

The final objective was to use a gender-sensitive approach to investigate:

- Market potential for specific products
- Value chain mapping
- Level of value chain development
- Value added
- Best approach for capturing value through a value chain promotion strategy
- Actions / interventions best suited to women's economic empowerment

Stakeholders and VC drivers were identified using a snowball approach. The direct involvement of representatives from the Regional Directorates of Agriculture in the target regions was requested in order to achieve both high levels of participation and the step-by-step identification of key interest groups. Additional support was gained from local and national NGOs, donor-funded programmes and national experts.

The core research questions formulated by the research team included:

- Which value chains have strong potential for income diversification and women's empowerment?
- What are the main markets and business trends in the selected value chains?
- Which are the most successful business models that can be adopted by women entrepreneurs and groups of women?
- Which are the main needs and challenges faced by women farmers, women entrepreneurs and groups of women?
- Which eligible investments could be supported within the selected value chains, based on needs, opportunities and lessons learned?
- What are the capacity building needs of each beneficiary group relating to the identification of innovation and investment opportunities, entrepreneurial and technical skills and financial literacy?
- What are the best approaches to capacity building, based on lessons learned from other organizations including NGOs and donor funded programmes / projects?
- What opportunities and absorption capacities are there at regional level?
- What feasible eligibility criteria can be used to ensure both compliance with the programme's objectives and the facilitation of access to finance through the IPARD grant scheme?

2.2.5 Limitations of the study

This study has two limitations. First, it was mainly based on a literature review, qualitative analysis and expert assessment. Non-probability purposive sampling was used and attention was paid to sub-sector dimensions, firm sizes, gender dimensions and regional differences. However, the sample was not designed to be statistically representative. Therefore, the results of the study enable generalization to similar cases in similar contexts, but not to the whole population. Precaution is therefore advised in terms of expanding the study's results to other cases and contexts. Given the project's resources, it has not been possible for the team of experts to conduct solid economic and financial analyses for the proposed interventions. However, the heterogeneous nature of the cases calls for tailored interventions focusing on specific areas or clusters. Second, the data collection for this non-experimental research design took place over a period of two months. Thus, the limited timeframe means that the findings are dependent on the opinions of respondents at a given moment in time. It is, therefore, difficult to establish the consistency of the findings over a longer period of time.

3. Situation analysis

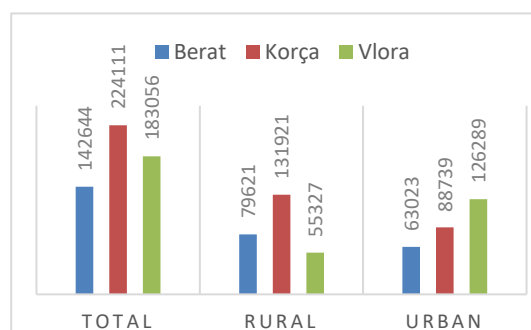
3.1 Comparative context of the target regions⁵

The target regions within this study are Berat, Korça and Vlora. They cover an area of 8 214.46 square kilometres that represents 28 percent of Albania's territory. The regions of Berat and Vlora are classified as intermediate regions, while Korça is classified as a rural region (MARDWA, 2015).



Source: UNITED NATIONS

Figure 7: Rural-urban distribution of the population in the target regions (2015)



Source for figures 7 and 8: INSTAT, 2015a.

Figure 8: Distribution of the population in rural areas, by sex

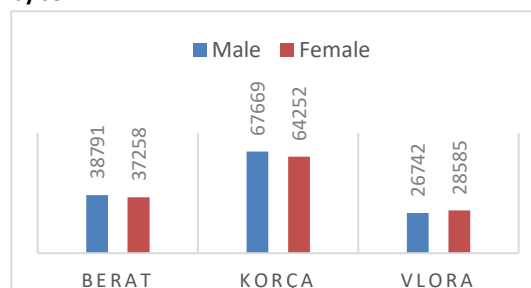
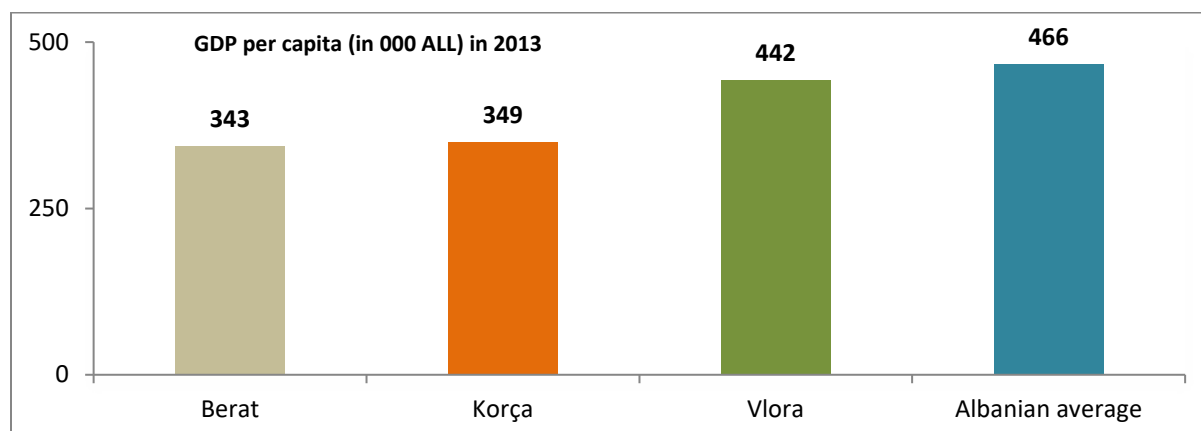


Figure 6 shows that the region of Korça has a high concentration of rural inhabitants compared with the other two regions. Figure 8 shows that females outnumber males in the rural areas of Vlora, but this is not the case in the regions of Berat and Korça. Statistics indicate that the rural population significantly decreased during the period 2001 to 2015 in the three selected regions, but the highest decline was recorded in Berat (about 31 percent).

In addition to demographic differences, these regions have different levels of GDP per capita and provide different contributions to the structure of Gross value added (GVA) by type of activity. Figure 9 shows that GDP per capita in the three regions in 2013 was below the national level. The highest GDP per capita was recorded in Vlora region and the lowest was in Berat region (INSTAT, 2015b).

⁵ In this study, region means 'qarku' as per Article 1.1/b of the Law 115/2014 "On the Administrative and Territorial Division of Local Government Units in the Republic of Albania" (Official Gazette, 2014).

Figure 9: Gross domestic product per capita (in 000 ALL) by region in 2013



Source: INSTAT, 2015b.

Research indicates that households' place of residence is one of the determinants of poverty in Albania. Rural households are more likely to be poor than urban households (Spaho, 2014). Poverty is higher among families with three or more children and female-headed households. The data in Table 3 show that Vlora region has the highest poverty rate (about 37.8 percent) while Berat has the lowest (about 22.8 percent, UNDP, 2016).

Table 3: Poverty rate by number of children in the family and region

Region	Without children	With three or more children
Berat	4.6	22.8
Korça	4.1	32.8
Vlora	5.8	37.8
Albania	4.5	33.1

Source: UNDP, 2016.

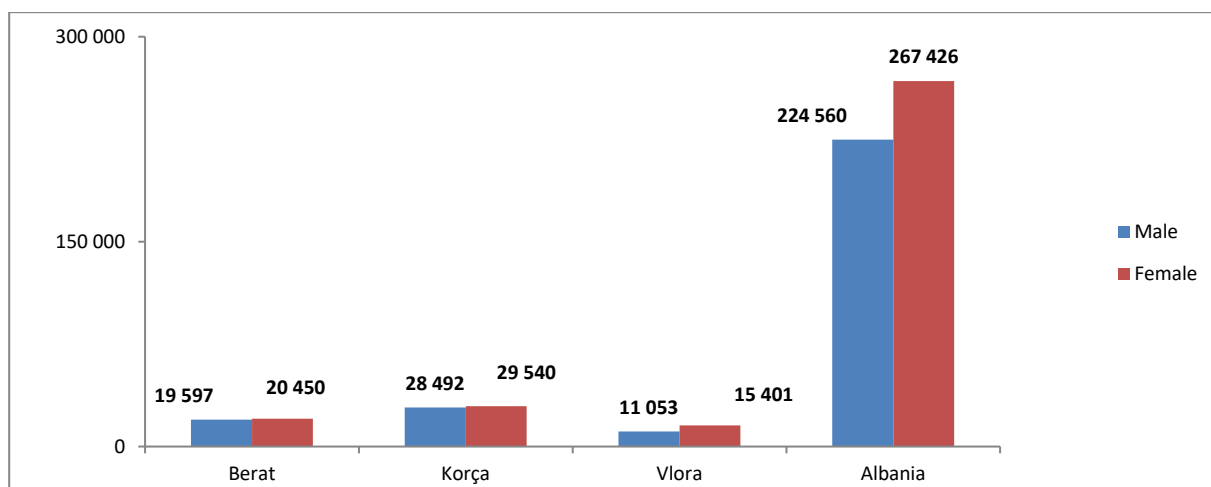
Even though Korça is classified as a rural region, its contribution to the agriculture, forestry and fishing sector in 2013 was lower than that provided by Berat which is classified as an intermediate region (INSTAT, 2015b). Labour Force Survey data from 2012–2013 showed that employment in agriculture was higher in Korça than in Berat, yet Berat provided a higher contribution to gross value added than Korça. Table 4 shows the structure of gross value added by type of activity across the three regions in 2013, while Figure 10 shows the number of people employed in the agricultural sector in 2013 in the three regions by sex. The gender gap in employment in agriculture is high in Vlora, even though it has the highest share of female population in rural areas compared with Berat and Korça.

Table 4: The structure of gross value added, by type of activity and region (2013)

Region	Agriculture, forestry and fishing sector (%)	Construction and industry sector (%)	Service sector (%)
Berat	49.5	17.1	33.4
Korça	39.1	16.6	44.3
Vlora	23.2	29.9	46.9

Source: INSTAT, 2015b.

Figure 10: People employed⁶ in agriculture in the target regions, by sex (2013)



Source: INSTAT, 2013.

It is worth mentioning that the majority of farm holders have primary and upper primary education. Few of them have a university degree in agriculture. The region of Berat is an exception because none of the farm holders have a university degree in agriculture. Table 5 shows the differences in the levels of education among farm holders in the target regions.

Table 5: Number of farm holders, by level of education in target regions

Region	Level of education				
	Primary and upper primary	Agricultural high school	Other high school	Agricultural university	Other university
Berat	21 580	3 070	1 797	0	39
Korça	20 986	7 931	0	841	0
Vlora	21 667	6 138	147	1 047	0
Albania	219 409	103 102	13 328	7 466	2 311

Source: Ministry of Agriculture, Rural Development and Water Administration, 2015.

Gender differences in the Human Development Index (HDI) score are evident among the regions. In general, the regional values are lower than the national value, indicating that the target regions have some disadvantages in achieving a better performance in human development. Gender disparities and inequalities are well illustrated in the different values of HDI for women and men, and the lowest score is recorded in Korça. However, it is worth mentioning that there is no positive correlation between the Human Development Index (HDI) and the Gender Development Index (GDI). For instance, in Korça the GDI score is higher than the national score (see Table 6) despite its lower HDI score (UNDP, 2016).

⁶ Employed people are defined as those whom, during the week before the 2011 Census day, a) did any work for pay or profit, or b) were not working but had jobs from which they were temporarily absent for reasons such as maternity leave, sickness or temporary incapacity to work and training directly connected with their actual work. People are also considered employed when they work on their own small farm, do not sell their products and produce only for self-consumption. Even unpaid contributing family workers are included in this group of employed people (INSTAT, 2014, p. 12).

Table 6: Human Development Index (HDI) and Gender Development Index (GDI) by region

Region	Human Development Index (HDI)			Gender Development Index (GDI)
	Total	Men	Women	
Berat	0.704	0.722	0.684	0.947
Korça	0.691	0.705	0.679	0.963
Vlora	0.720	0.736	0.706	0.960
Albania	0.726	0.740	0.711	0.960

Source: UNDP, 2016.

3.2 Specific profile of the study's target regions

The region of Berat



Source: UNITED NATIONS

The region of **Berat** is located in the southern part of central Albania, bordering the regions of Elbasan in the north, Korça in the east, Gjirokastra in the south and Fier in the west. With an average height above sea level of 430 m, it covers a total area of 1 798 square kilometres and it is populated by 142 644 inhabitants. 55.8 percent of the total population lives in rural areas (INSTAT, 2016). Administratively, Berat is comprised of three districts (Berat, Kuçova and Skrapar) and is divided into five main municipalities (Kuçova, Ura Vajgurore, Berat, Poliçan and Corovoda).

Geographically, this region is dominated by a hilly and mountainous landscape, where flatlands and hilly areas play an important role in farming activities. The soil structure and Mediterranean climate combined with micro-climates favour the production of vegetables, olive and fruit trees, figs and medicinal and aromatic plants (Berat Regional Directorate of Agriculture, 2014). Land used for forestry covers an area of 53 833 ha (about 30 percent), agriculture an area of 52 919 ha (29.4 percent) and meadows and pastures a total area of 30 472 ha (about 17 percent, MARDWA, 2013).

Rural-urban distribution of the population changed during the period 2001 to 2015 and the population size significantly decreased in both rural and urban areas. Data show that the urban population decreased from 76 830 in 2001 to 63 023 in 2015, while the rural population decreased from 115 837 in 2001 to 79 621 in 2015 (INSTAT, 2016a). This decrease in population size in rural areas has been followed by an increase in the share of farm holders by older age people. About 30 834 families are involved in agricultural activities

owning small farms averaging 1 to 1.4 ha (Berat Regional Directorate of Agriculture, 2014). In 2013, the GDP of Berat was ALL 49 828 million, contributing 3.7 percent to national GDP (INSTAT, 2015b).

Berat is traditionally well-known for its agriculture, as well as fruit and olive fruit processing which are its local products. “Kokërrmadh i Beratit” is a table olive fruit and one of the main specialties of this region. The percentage of oil extracted from its fruits ranges from 18 to 20 percent. The region of Berat shows good potential for the harmonization of cultural heritage with natural resources. Recently, an increasing number of guesthouses and hostels have started to serve fresh and processed local products. Known as “The city of a thousand windows”, Berat is a UNESCO site which attracts many tourists and visitors throughout the year. The National Park of Tomorr mountain comprises an area of 4 000 ha, and the Osum river canyons in Skrapar district are 26 km in length, which offer significant opportunities for rural tourism.

The region of Korça



Source: UNITED NATIONS

Korça sits on an 869-metre-high plateau located in the eastern part of the country. The region borders the Republic of Macedonia in the northeast, the Republic of Greece in the southeast, the region of Gjirokastra in the southwest, Berat in the west and Elbasan in the northwest. It covers a territory of 3 711 square kilometres, is populated with 224 111 inhabitants (INSTAT, 2016) and has a population density of 59 inhabitants per square kilometre (INSTAT, 2013). 58.9 percent of the inhabitants live in rural areas (INSTAT, 2016). Administratively, Korça is comprised of four districts – Devoll, Kolonja, Korça and Pogradec – and it is divided into 6 municipalities (Devoll, Kolonja, Korça, Maliq, Pogradec and Pustec).

The region of Korça is rich with diverse natural resources including two lakes (Ohrid and Prespa), three National Parks (Drenova, Gërmenj and Prespa), two rivers (Osum and Upper Devoll) and Gramozi mountain, all of which make this region a very attractive resort destination (Korça Regional Council, 2014). Its continental climate, characterized by cold winters and relatively warm summers, gives this sub-alpine zone a good opportunity to develop agriculture and fruit trees, mainly apple. Although the region has traditionally been involved in the cultivation of crops on arable land and fruit farming, it is also known for its agro-business, gourmet and tourism.

Migration and urbanization during the years of transition to a market economy have changed the scale of rural-urban distribution in the regional population, decreasing both the number of urban inhabitants from 96 927 in 2001 to 88 739 in 2015 and the size of the rural population from 167 975 people in 2001 to 131 921 in 2015 (INSTAT, 2016a). However, the large size of its agricultural land ranks it second nationwide, and

agricultural products account for 32 percent of all revenues (Sosoli, 2014). In 2013, the GDP of Korça was ALL 78 886 million, with a contribution of 5.8 percent to national GDP (INSTAT, 2015b). Blessed with natural resources and tourist attractions, this region represents an important economic area of the country, where its distinct identity derives from a combination of its beautiful natural landscape, fertile agricultural plateau, cultural heritage and historical tradition (Korça Regional Council, 2014). The region is known as “the cradle of culture and education” and hosts a University of Agriculture. It also has potential for income generation through the promotion of local products, handmade crafts and rural tourism.

The region of Vlora



Source: UNITED NATIONS

Vlora is located in the southern part of Albania, bordering with Fier in the northwest, Gjirokastra in the east, the Republic of Greece in the southeast and the Ionian Sea in the west. It has a territory of 2 706.21 square kilometres and is populated by 183 056 inhabitants (INSTAT, 2016). It has a population density of 65 inhabitants per square kilometre (INSTAT, 2013). 30.2 percent of inhabitants live in rural areas (INSTAT, 2016). Administratively, Vlora is comprised of three districts: Delvina, Vlora and Saranda. It is divided into 7 municipalities (Delvina, Finiq, Himara, Konispol, Saranda, Selenica and Vlora).

Vlora has a hilly and mountainous relief that gradually decreases from the north to the south. Its strategic geographical position has a coastline of 145 km, or about 30 percent of the country’s total coastline, where the maritime climate cohabits with the mountainous climate, rocky beaches with rivers, and flat relief with Alpine landscape (Shkurti & Llupa, 2014). Its natural beauty centres upon on a mosaic of resources, namely, five islands (Ksamil, Sazan, Stillo, Tongo and Zvernec), the Karaburun peninsula, Vlora bay, the ports of Vlora and Saranda, Narta lagoon, the National Parks of Butrint, Llogara and Karaburun, and Çika mountain, which all enrich the diversity of this region.

The size of the total population decreased during the period 2001 to 2013. Statistics show that the number of urban inhabitants increased from 53.8 percent to 67.6 percent, while the number of rural inhabitants decreased from 46.2 percent to 32.4 percent (INSTAT, 2014c). Vlora is characterized by a high migration rate and data provided by local officials show that 27 percent of families either have one migrant living abroad or have one family member working abroad (RAC / SPA, 2015). Currently, the economy of Vlora is dominated by small-scale enterprises. Ninety-five percent of the enterprises employ between one and five people, while five percent employ more than six people. A small number of enterprises employ 26.5 percent of the total number of employees (RAC / SPA, 2015). In 2013, the GDP of Vlora was ALL 80 792 million, contributing 6.2 percent to national GDP (INSTAT, 2015b).

The land of this region is productive and suitable for the cultivation of crops, while its Mediterranean climate with mild winters and long, dry summers favours the development of agriculture. The local economy mainly relies on agricultural activities and farming (including crops, vegetables and fruits), livestock raising (including cattle, sheep and goats) and fishing and tourism (RAC / SPA, 2015). Citrus fruits (oranges, lemons and tangerines) and olive trees (old Kalinjot and Frantoio varieties) are widely planted (RAC / SPA, 2015). Statistics show that, on average, 41.7 percent of the economically active population work on farms, while the age group 55 years and above represents 25.1 percent of the total population (INSTAT, 2013).

The fishing sector is important for Vlora. In some villages, villagers are involved in sea fish breeding. Currently, sea fish are rarely processed by local people, with the exceptions of sardine, anchovy and mackerel using conventional methods. Commonly, it is small enterprises that process, pack and sell sea fish (RAC / SPA, 2015).

3.3 Value chain selection with a regional focus

3.3.1 Overview of gender-sensitive value chain selection methodology and process

The legitimacy of the value chain selection process and its analysis is important in shaping objective decision-making for future interventions. Therefore, this section provides a detailed description of the methodology, processes and research tools adopted during the initial fieldwork phase, which focused on a preliminary assessment of the eight potentially gender-sensitive value chains in the project's target areas (Berat, Vlora and Korça). Primary and secondary data were collected through official sources and direct communication with national and local officials, value chain actors and the representatives of local organizations / rural associations. This section concludes with a rapid opportunities and constraints analysis to justify the selection of specific value chains.

3.3.2 Gender-sensitive value chain selection and analysis

Value chain selection was conducted using a step by step process:

Step 1 consisted of defining the value chain selection criteria methodology and designing the data collection instruments. The team of experts used the GIZ (2007) *ValueLinks Methodology* combined with the USAID (2009) *Handbook on Promoting Gender Equitable Opportunities in Agricultural Value Chains*. Respective data collection instruments targeting local and national officials, value chain actors and local organizations / rural associations were designed to support the criteria set for value chain selection (see Annexes 10.1, 10.2 and 10.3).

Step 2 consisted of meeting with national officials and secondary data collection in relation to the production and volume of the suggested value chains. For this purpose, the team of experts initially held a joint meeting with the Head of the Directorate of Extension at MARDWA and the FAO Assistant Representative to discuss the high-potential, product-based value chains which could provide competitive, gender-specific opportunities for all of the identified actors in the value chains. The meeting included a discussion of the list of eight pre-identified value chains in order to gain a more comprehensive understanding of regional differences, similarities and priorities in relation to their potential growth, and opportunities for women's social inclusion and economic empowerment. Research shows that

geographical location is an important driver in the selection of value chains. Therefore, the INSTAT (2015a) *Agriculture Statistical Yearbook* was used to gain official data on the production and volume of the suggested value chains in the target study areas (see Table 7).

Table 7: Production and volume in eight suggested value chains (2015)

	Berat	Korça	Vlora
Sown arable land (thousand ha)	28.0	47.1	14.8
Medicinal crop production (tonnes)	1 100	303	118
Trout and aquaculture	N/A	N/A	N/A
Agro-tourism	N/A	N/A	N/A
Traditional food and gourmet production	N/A	N/A	N/A
Milk / dairy production (tonnes)	69.1	104.4	80.2
Organic wool (tonnes)	268.1	288.6	577.2
Olive oil production (tonnes)	11 866	0	14 118
Honey production (tonnes)	183.7	707.5	520.2
Production of vegetables (tonnes)	105 641	78 663	35 339
Fruit tree production (tonnes)	24 406	71 328	5 954

Source: INSTAT, 2015a.

The lack of specific data on some value chains and sub-sectors was compensated for by conducting a participatory assessment in the three project study areas. Data collection was mainly focused on local participants, including the representatives of the Regional Directorates of Agriculture, local value chain actors, civil society organizations and rural business associations (see Annex 10.4). Formal meetings, informal round tables, group discussions and face-to-face interviews were held using tailored research instruments. Table 8 provides a summary of the research participants.

Table 8: Research participants and data collection methods

	Data collection method							
	Round table		Formal meeting		Group discussion		Face-to-face interview	
	Male	Female	Male	Female	Male	Female	Male	Female
Local officials	1	3	10	1	2	2		
Local value chain actors							1	
Local non-governmental organizations							1	1
Local rural associations							1	
Local producers							1	1
Experts from agriculture and other fields							2	1

Step 3 consisted of value chain selection based upon a specific set of criteria. The following two criteria were identified as necessary conditions for value chain selection: (1) potential growth; (2) potential contribution to increasing rural women's empowerment and gender equality in the value chain.

The process of selection included an evaluation based on a maximum of 5 points for each criterion. The results of this process of evaluation are presented below:

- Medicinal and aromatic plants (MAPs), beekeeping and traditional food and gourmet are the three value chains that had the highest scores (around 4 or above, out of 5);

- Rural and agro-tourism scored above average (around 3). However, our analysis was based on research of rural tourism that is quite different from agro-tourism.

The evaluation process and the evaluation matrix (see Table 9) enabled the research team to focus on the in-depth analysis of the three abovementioned value chains. Additionally, the research team also conducted a sector analysis of rural tourism, looking for agro-tourism development potential and possible interventions that might support it. Furthermore, successful business models of enterprises operating in niche markets in the non-selected value chains have been analysed and their potential replication has been assessed.

Table 9: Assessment of each value chain in the three selected regions (Berat, Vlorë and Korçë)

Points for each value chain									
	Weight	MAP	Beekeeping	Rural and agro-tourism	Trout and aquaculture	Traditional food and gourmet production	Dairy production	Handicrafts linked with organic wool	Olive oil and soap production
Market demand and potential	20%	5	5	4	4	4	3	2	3
Outreach	20%	5	4	3	3	3	4	2	4
National priority ranking	10%	5	3	4	4	3	3	2	4
Opportunities for intervention	25%	5	5	2	2	4	2	3	2
Relevance for women's empowerment	25%	4	3	3	2	5	2	4	2
Total	100%	4.75	4.1	3.05	2.8	3.95	2.7	2.75	2.8

Source: This table is compiled using findings from the project's assessment.

3.3.3 Selection criteria

Preliminary assessment of the eight suggested value chains and their weighting was based on four main criteria: (a) potential growth; (b) poverty alleviation potential including pro-poor growth; (c) potential contribution to increasing women's empowerment and gender equality in the value chain; and (d) pragmatic criteria.

Growth potential is determined by both the demand and the supply sides. Hence, the most important indicators are related to unmet domestic and export market demand, and the competitive position of the value chain in question.

Assessing poverty alleviation potential requires the identification of product markets and value chains that are more likely to be a source of livelihoods for the poor by generating employment, providing business opportunities for poor entrepreneurs and enhancing pro-poor growth.

Gender criteria refer to the gender-differentiated roles within value chains, which lead to variations in access to and exclusion from its productive activities (Joekes, 1999; Rubin, Manfre & Barrett, 2009). They help us to understand gender asymmetries in access to and control over assets; gender asymmetries in market information, extension skills and training; gender differences in household tasks and labour availability; gender differences in power in relation to credits, land titles and product markets; gender asymmetries in uncertainties and gains along value chains; and gender differences in participation, leadership and networking (World Bank, FAO & IFAD, 2009). Therefore, the criteria that were chosen aimed

to capture all of these dimensions of gender differences in value chains, focusing on women's ability to participate beyond the role of producer by adding value to the agricultural product, their potential to access higher chain functions, and their potential to access markets.

Pragmatic criteria are those which are mainly related to the efficiency of VC promotion interventions and the possible outcomes and impact. Additionally, the selection has to comply with government and other agencies' policies. Table 10 depicts the way in which these criteria have been disaggregated.

Table 10: Disaggregated criteria for value chain selection

Criteria	Weight
Market demand and potential <ul style="list-style-type: none"> • Importance of the sub-sector to regional development • Evidence of high market potential or strong effective demand for products being produced in the sub-sector • Positive growth prospects and opportunities for income and employment • Assumed (potential) competitive advantage of a sub-sector in relation to the regional, national or international market 	20%
Outreach <ul style="list-style-type: none"> • Number or significance of SMEs in the sub-sector and their distribution along the value chain • Estimated employment in the sub-sector (disaggregated by sex) • Location of major clusters in the area 	20%
National priority ranking <ul style="list-style-type: none"> • Government priority sector • Potential demonstration effects, assumed spill-over effects, repeatability in other sub-sectors 	10%
Opportunities for intervention <ul style="list-style-type: none"> • Existence of constraints / bottlenecks that could potentially be tackled in an efficient way • Ease of entry and openness of key actors (private and public sectors) towards cooperation • Likelihood of stakeholders to buy in and actively support eventual interventions 	25%
Relevance for women's empowerment and cross-cutting issues <ul style="list-style-type: none"> • Location of women's cluster in the area • Likely high impact on poverty or socially excluded groups in society (such as communities in remote areas) • Likelihood of opportunities for women's economic empowerment (for example, success stories) • Potential to add value to agriculture or other product • Opportunities for networking • Opportunities for diversification 	25%
Total	100%

Based on the abovementioned criteria and a set of questions related to them, the team of experts found some similarities and differences among the selected value chains and selected regions.

3.3.4 Rapid overview of the medicinal and aromatic plants value chain

The medicinal and aromatic plants (MAPs) sector is quite well developed in the three regions of Berat, Korça and Vlora. Activities such as harvesting, cultivation, processing and trade of MAPs are widespread in

all areas of the districts of these targeted regions. Some large exporting companies are located in the regions of Korça and Berat. Consolidators or district level collectors, who act as intermediaries between farmers and processors / exporters, are present in the three regions. Most of the MAPs sector involves the use of wild-grown products, however, cultivation has become increasingly significant over the last five years, especially in Korça and Berat.

Even though there are no precise data about the number of people employed in this sector in the selected study areas, estimates show that between 75 000 and 100 000 people are involved in the sector across the country. Taking into consideration the average Albanian rural family size of 4.8 members, this means that more than one family member in rural areas is involved in the MAPs sector or 15 to 20 percent of the rural families in the country (USAID, 2010). Women's involvement in this value chain is important. Statistics show that they represent 50 percent of the harvest work force, followed by children (who represent 30 percent) and men (who represent 20 percent, USAID, 2010). However, interviews with Regional Agriculture Directorate representatives confirmed that there was a large number of farmers (tens of thousands) earning an income by engaging in cultivation or collection of wild-grown MAPs.

Compared to other agricultural sub-sectors, MAPs is predominantly export oriented and 95 percent of MAPs products are exported (Skreli & Imami, 2014). There is evidence of growing demand from international buyers and exporters, including firms located in the designated areas. As stated by Adriatik Serani and Ferdie Kajo (the representatives from Berat's Regional Directorate of Agriculture) "there is plenty of room" for this sector to develop. In some areas like Vlora, there is evidence of unexploited potential, especially in the villages of Kote, Novosele and Vrion and the town of Orikum (Regional Agriculture Directorate representatives, interview, 2016). Supply chains in these areas lack efficiency because there are few consolidators operating there. Meanwhile, the situation appears to be more encouraging in Korça and Berat. Both wild-grown collection and cultivation is widespread in Korça, especially in the areas of Pustec, Pogradec, Kolonja and Devoll. There is an increasing demand to cultivate mountainous tea. There are, in total, 5–6 collection points including the ones owned by local exporters. The areas around the villages of Mbreshtan, Roshnik, Mimias and Galinj in Berat show good potential too, with women heavily involved in the collection and cultivation of MAPs.

Recognizing the role and potential of this sub-sector, the Inter-Sectoral Strategy for Agricultural and Rural Development (ISARD) considers MAPs to be a very important sector for rural diversification and one of the priority sectors to be supported through various instruments. Different subsidy schemes have contributed to the facilitation of access to finance at farmer, consolidator and exporter levels. However, some VC actors operating in remote areas have not benefited from these schemes.

There are a range of opportunities to support rural women's economic empowerment through interventions that address some specific bottlenecks in this sector. Priority should be given to women's producer groups, cooperatives and individual farmers. Based on efficiency considerations, it has been estimated that a viable farm size for sage is 1.5 ha (Skreli & Imami, 2014). There is also evidence of success stories about women engaged in the cultivation of some indigenous tea plants (Tatjana Stefo, interview, 2016). Other types of interventions that could be considered include investment in storage and drying facilities. For example, the lack of warehouses remains an acute problem in Vlora (Dervish Seferi, interview, 2016). Such interventions can strengthen producers' groups. As stated by Arjana Bubeqi (the

representative of Auleda NGO in Vlora), more warehousing and better processing facilities can contribute to the aggregation of production and an increase in the bargaining power of farmers.

The MAPs sector can be seen as a women-oriented activity in the three target regions. For example, many women are involved in the collection of wild-grown MAPs and some are engaged in their cultivation. However, some challenges were observed, including: a paucity of women's associations; women's limited access to markets, especially in Vlora region; and various constraints faced by rural women in Korça mainly relating to the small size of farms. Table 11 provides the findings of the qualitative assessment based on the set of criteria adopted.

Table 11: Potential for MAPs VC promotion

Criteria	MAPs value chain
Market demand and potential <ul style="list-style-type: none"> • Importance of the sub-sector to regional development • Evidence of high market potential or strong effective demand for products being produced in the sub-sector • Positive growth prospects and opportunities for income and employment • Assumed (potential) competitive advantage of the sub-sector in relation to the regional, national or international markets 	<ul style="list-style-type: none"> • High concentration of collectors and exporters in the three regions, especially in Berat and Korça • High demand for Albanian products, especially wild-grown MAPs • An export-driven sector • High employment in remote rural areas • Long tradition and a very good reputation for quality and reliability
Outreach <ul style="list-style-type: none"> • Number or significance of SMEs in the sub-sector and their distribution along the value chain • Estimated employment in the sub-sector (disaggregated by sex) • Location of major clusters in the area 	<ul style="list-style-type: none"> • Quite a large number of wild-grown MAPs gatherers • No clear estimations but the number of employed people is quite significant • Dozens of clusters in each region
National priority ranking <ul style="list-style-type: none"> • Government priority sector • Potential demonstration effects, assumed spill-over effects, repeatability in other sub-sectors 	<ul style="list-style-type: none"> • Considered an important export-oriented sector • Considered to be a high priority by the government and other state-owned agencies
Opportunities for intervention <ul style="list-style-type: none"> • Existence of constraints / bottlenecks that could potentially be tackled in an efficient way • Ease of entry and openness of key actors (private and public sectors) towards cooperation • Likelihood of stakeholders to buy in and actively support eventual interventions 	<ul style="list-style-type: none"> • Warehousing and post-harvest challenges appear to be the most important bottlenecks • Investment in new plantations, warehousing and drying facilities is the most effective way to tackle the challenges faced by women • Development and state-owned agencies, local farmers and consolidators are willing to collaborate and support such interventions

Relevance for women's empowerment and cross-cutting issues <ul style="list-style-type: none"> • Location of women's clusters in the area • Likely high impact on poverty or socially excluded groups in society (such as communities in remote areas) • Likelihood of opportunities for women's economic empowerment (for example, success stories) • Potential to add value to agriculture or other produce • Opportunities for networking • Opportunities for diversification 	<ul style="list-style-type: none"> • No women's associations although there are areas where women collaborate with each other especially in wild-grown MAP collection • One of the most widespread diversification activities among women • Support for cultivation and warehousing has strong potential to add value to the products and increase women's income • Opportunities are evident for the organization of women's producer groups and vertical networks that might include local consolidators or exporters
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Source: This table uses the findings from the project's own assessment.

3.3.5 Rapid overview of the gourmet and traditional food value chain

The agro-processing sector has significantly expanded over the last ten years. The sector's turnover almost doubled between 2000 and 2011, and employment has increased by nearly 20 percent (RisiAlbania, 2014). The sector has gone through a process of consolidation and concentration. Today, some sub-sectors, for example, fruit and vegetable processing and olive oil production are dominated by medium-sized and large companies. However, despite the rise of larger companies, the food itself is not a specialized sector in Albania. Many small producers in rural and semi-rural areas are trying to produce processed food and there is evidence of a gradual increase in the production of products such as fruit jams and juices, cheese and canned vegetables.

There are a variety of goods that are produced in the study areas by small producers, mainly farmers. Korça is well known for its rich traditional cuisine with some local and regional specialties such as: dried fish in the Prespa region and raspberry jam in the villages near Prespa lake; and Dromka (homemade pasta), mulberry and plum raki (local alcoholic beverages) and different kinds of jam (apple, cherry and so on) in almost every area of the region. Other dishes and products such as traditional pies, pickles, dried organic apple rings and plums exhibit good potential for growth and women's involvement in the rural areas of Korça (Arjeta Kanari, interview, 2016). Berat presents a similar situation – local producers are greatly appreciated by local customers and visitors (Adriatik Serani, interview, 2016). This sector appears to be underdeveloped in Vlora.

There is growing demand for some traditional foods, especially in the areas that have a developed tourism sector (Tatjana Stefo, interview, 2016). Short supply chains facilitate the commercialization of gourmet products but in many cases these products lack appropriate packaging. Additionally, volumes are quite low affecting the cost-effectiveness of traditional distribution mechanisms. Typically, sales channels are direct without the involvement of too many intermediaries: producer to customer or producer to local grocery shop or restaurant (Ferdie Kajo, interview, 2016). There are some good opportunities to develop production capacities in areas with developed tourism infrastructure (Albana Karapanço, interview, 2016).

Despite the growing demand for some gourmet products, the infrastructure of production is weak. Production lines are fairly simple. Operations mainly include washing and cleaning, the removal of stems and seeds, blanching, and marinating. Packaging and pasteurization are not common. In general, interventions should include investments in storage and cooling facilities, and equipment for processing,

sorting and packaging (Ferdie Kajo, Arjeta Kanari, interview, 2016). Other possibilities include the construction of small shops, especially in those areas where tourism is more developed.

The impacts of intervention in this sector are threefold: (1) an increase in the value added of the product; (2) the potential to increase production capacities, product varieties and later on sales; and (3) improved commercialization of the products. Additionally, intervention can have a positive impact on women's employment, at least in terms of part-time or seasonal employment (Arjeta Kanari, Tatjana Stefo, interview, 2016). In sum, gourmet products can play a substantial role in income diversification, depending on the variety of the product ranges and other factors such as tourism development in the area. However, product mix should be carefully chosen. Many established companies, such as Sidney and Sejega are currently competing with similar products including jams and canned vegetables. Success stories about SMEs focusing on food show that some rather rare products, whose raw materials can be easily and locally sourced, have stronger potential to be successfully marketed. Table 12 provides a qualitative assessment based on the set of criteria adopted.

Table 12: Potential for gourmet and traditional food VC promotion

Criteria	Gourmet and traditional food value chain
Market demand and potential <ul style="list-style-type: none"> • Importance of the sub-sector to regional development • Evidence of high market potential or strong effective demand for products being produced in the sub-sector • Positive growth prospects and opportunities for income and employment • Assumed (potential) competitive advantage of the sub-sector in relation to the regional, national or international markets 	<ul style="list-style-type: none"> • Growing demand for some typical and unusual products • Strong competition from big companies for different products • High demand in some areas known as tourist attractions • Strong potential to increase value added and volumes produced
Outreach <ul style="list-style-type: none"> • Number or significance of SMEs in the sub-sector and their distribution along the value chain • Estimated employment in the sub-sector (disaggregated by sex) • Location of major clusters in the area 	<ul style="list-style-type: none"> • Quite a large number of women involved in gourmet production. In some areas, this is an everyday activity for women (Berat and Korça in particular) • Potential for part-time activity that can generate an extra income • Women are involved in the production of different types of gourmet and traditional food in different areas in each region
National priority ranking <ul style="list-style-type: none"> • Government priority sector • Potential demonstration effects, assumed spill-over effects, repeatability in other sub-sectors 	<ul style="list-style-type: none"> • Closely linked with government strategies regarding rural tourism • Potential to replicate interventions easily. There are already some success stories
Opportunities for intervention <ul style="list-style-type: none"> • Existence of constraints / bottlenecks that could potentially be tackled in an efficient way • Ease of entry and openness of key actors (private and public sectors) towards cooperation • Likelihood of stakeholders to buy in and actively support eventual interventions 	<ul style="list-style-type: none"> • Investment in processing and packaging equipment, storage facilities, small shops focused on commercialization of local products • Capacity development for producers focusing on other value-added products • Local communities can be easily involved in initiatives focused on promotion of territory and its products

<p>Relevance for women's empowerment and cross-cutting issues</p> <ul style="list-style-type: none"> • Location of women's clusters in the area • Likely high impact on poverty or socially excluded groups in society (such as communities in remote areas) • Likelihood of opportunities for women's economic empowerment (for example, success stories) • Potential to add value to agriculture or other produce • Opportunities for networking • Opportunities for diversification 	<ul style="list-style-type: none"> • No women's association has been identified. However, women participate in fairs and similar events under the umbrella of local associations • It is one of the most widespread diversification activities among women • Support of gourmet production has the potential to increase income for women. On the other hand, there is potential to create clusters in some areas by organizing women and other actors to widen the basket of products that can be commercialized. Some success stories suggest a snowball effect in terms of varieties of products sold
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3.3.6 Beekeeping value chain

Beekeeping is a popular and growing activity among small farmers in Albania. However, but not surprisingly, it is also an activity conducted by many individuals living in urban areas.

Beekeeping has undergone remarkable growth in Albania with beehive numbers increasing by 287 percent between 2000 and 2010 (Dobi & Shehu, 2012). The quantity of honey produced in Albania increased by approximately 145 percent during the last decade (2001–2011) (MARWDA, 2012). The district of Saranda in the region of Vlora (other areas too, mainly the villages of Kuç, Vranisht and Llogara, as well as the district of Delvina) and Korça are well known in Albania for their honey production. Firms in these areas are the most consolidated and market-oriented ones.

Although this is a growing sector, beekeeping is currently practised on a small scale. Honey production in many other areas remains a component of subsistence farming (Sabah Sena, interview, 2016). There are some outliers like Morava Ltd., a firm located in Korça that exports to demanding markets, for example, the United States of America (Vullnet Gjolla, Albana Karapanco, interview, 2016). At present, the firm plans to expand to China and other international markets.

There is growing demand for honey and other value-added products such as royal jelly, propolis and wax (Arjana Dokaj, producer, interview, 2016). It is considered a profitable activity with a secure market (Arjeta Kanari and Ferdie Kajo, interview, 2016). Most producers argue that there is a shortage of honey and other products such as propolis in the Albanian market (Arjana Dokaj, interview, 2016). However, since many of them use producer to customer market channels, the need for better product packaging, promotion and distribution is evident. Marketing and distribution activities are seen by some actors as important opportunities for women's involvement in this value chain (Albana Karapanco, interview, 2016).

Although there are no disaggregated data about employment in this sector, it is widely considered to be a very good opportunity for income diversification, especially in remote areas. This potential and the evident sector growth have grabbed the attention of some development agencies and state-owned agencies. The Netherlands Development Organization, the Italian Development Cooperation, the Swiss Development Cooperation and OXFAM have all implemented projects aimed at supporting the sector's development (FAO, 2013). There is renewed attention from state-owned agencies towards apiculture in general and small-scale beekeeping in particular. There is an ongoing effort to access the sector's potential and register

all of the actors involved (Barie Rexha, interview, 2016). It appears that there is a strong will to support apiculture infrastructural development.

Women are less likely to be involved in honey production compared with other agricultural products (FAO, 2013) and their involvement in beekeeping is quite different in the three selected regions. In Berat, both women and men are involved in this business despite a range of problems mainly related to poor marketing, a lack of labelling, poor technology, weak packing and limited subsidies for business extension. In Korça and Vlora, this type of activity is more male-oriented because women have not been traditionally involved due to the nature of its sub-activities. For example, the transportation of hives appears to be a job for men only. However, there is evidence from previous experiences that there are opportunities for small, women-led enterprises in this sector. Table 13 provides a qualitative assessment based on the set of criteria adopted.

Table 13: Potential for beekeeping VC promotion

Criteria	Beekeeping value chain
<p>Market demand and potential</p> <ul style="list-style-type: none"> • Importance of the sub-sector to regional development • Evidence of high market potential or strong effective demand for products being produced in the sub-sector • Positive growth prospects and opportunities for income and employment • Assumed (potential) competitive advantage of the sub-sector in relation to the regional, national or international markets 	<ul style="list-style-type: none"> • High concentration of small producers in the three regions • One case of a large processor in Korça region • High demand in the domestic market • Evidence of exports for some products • Substantial levels of employment in rural and semirural areas • Products made in Albania are in high demand compared with imports
<p>Outreach</p> <ul style="list-style-type: none"> • Number or significance of SMEs in the sub-sector and their distribution along the value chain • Estimated employment in the sub-sector (disaggregated by sex) • Location of major clusters in the area 	<ul style="list-style-type: none"> • Quite a large number of farmers involved in this sector • No clear estimations but the number of employed persons is quite significant • There are different areas in each region where farmers are involved in beekeeping
<p>National priority ranking</p> <ul style="list-style-type: none"> • Government priority sector • Potential demonstration effects, assumed spill-over effects, repeatability in other sub-sectors 	<ul style="list-style-type: none"> • Renewed attention from state-owned agencies • Potential to replicate interventions easily since many are very cost effective
<p>Opportunities for intervention</p> <ul style="list-style-type: none"> • Existence of constraints / bottlenecks that could potentially be tackled in an efficient way • Ease of entry and openness of key actors (private and public sectors) towards cooperation • Likelihood of stakeholders to buy in and actively support eventual interventions 	<ul style="list-style-type: none"> • Investment in new hives and other equipment • Branding and packaging • Capacity development for producers focusing on other value-added products such as wax, propolis, etc. • State-owned and donor agencies, value chain drivers and local communities can easily participate in initiatives focused on value chain promotion and support for beekeepers

<p>Relevance for women's empowerment and cross-cutting issues</p> <ul style="list-style-type: none"> • Location of women's clusters in the area • Likely high impact on poverty or socially excluded groups in society (such as communities in remote areas) • Likelihood of opportunities for women's economic empowerment (for example, success stories) • Potential to add value to agriculture or other produce • Opportunities for networking • Opportunities for diversification 	<ul style="list-style-type: none"> • No women's association has been identified. However, women participate in fairs and similar events under the umbrella of local associations • It is one of the most widespread diversification activities among women • Support with honey production equipment has strong potential to increase production • Support with training and equipment for the production of other products such as wax and propolis can increase women's income
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3.3.7 Rapid overview of rural tourism and agro-tourism

The concept of agro-tourism is related to activities that encourage the experience of agricultural life at first hand. It is closely linked with the concept of farm tourism, which is directly associated with agricultural activity on a farm. Agro-tourism is not well-developed in Albania, with the exception of a few cases. Conversely, rural tourism, associated with small-scale accommodation, leisure activities, active sports and wildlife and / or cultural tourism is developing at a fast pace. Research shows that rural communities are willing to improve their economy through tourism. The number of years of activity of accommodation units used for tourism purposes varies from one to three years (about 36 percent) to four to six years (about 40 percent). Increased demand for rural tourism is backed up by the growing number of tourist rental homes, representing 76 percent of all rural accommodation (Qirici & Theodhori, 2013). The following analyses focus more on the concept of rural tourism, since this encompasses the idea that all types of tourist activity in a rural setting can be placed under the same umbrella.

The region of Korça is rich in cultural and natural attractions, as well as archaeological sites, castles, caves, bridges, churches and museums. The majority are spread across rural areas. Korça has exceptional natural assets, including world famous lakes (Ohrid and Prespa) and impressive mountains. National Parks and protected areas like Bredhi Drenoves, Prespa and Bredhi Hotoves-Dangelli are a major asset for rural tourism development. Some of the most renowned villages for agro- and rural tourism are: Voskopoja, Boboshtica, Dardha and Vithkuqi. Furthermore, villages located near the shore of Lake Ohrid (such as Lin and Tushemisht) and the Prespa Lakes (such as Pustec, Gorice e Vogel and Zaroshke) are also well-known for their tourist attractions.

Furthermore, the rich historical, cultural, ethnographic, architectural and natural heritage values of Berat city constitute a strong foundation for tourism development. The region has a significant number of monuments such as castles and forts, and numerous bridges, churches, mosques and tekkes (Bektashi order of Sufis). Berati region is rich in natural resources including two unique and nationally renowned ones, the mountain of Tomori and the Osumi Canyons, as well as waterfalls, caves and forests. The accommodation capacities are concentrated mainly in Berat city. There are some interesting developments in tourist accommodation facilities with the emergence of a recent trend – guest houses – in the traditional Ottoman houses in the Mangalem and Gorica quarters. Rural tourism has good potential in the villages of Bogova, Roshnik and Vertop. Rafting in the Osumi river is another adventurous activity that has attracted

a large number of tourists. However, rural tourism and agro-tourism appear to be less developed in these areas despite their excellent potential.

Vlora and Saranda are without doubt the most renowned areas for tourism in Albania. However, rural tourism and agro-tourism appear to be less developed. It is worth mentioning the beauty of Llogara National Park that lies approximately 40 km south of Vlora city, where there are some restaurants and accommodation units. Other villages in the Albanian Riviera such as Palase, Dhermi, Vuno, Himare, Qeparo, Borsh and Lukova represent good opportunities for agro-tourism development. However, since most visitors come to enjoy the sun and the sea, the accommodation units are usually hotels that are active during the summer season (Arjana Bubeqi, interview, 2016). The valley of Shushica also offers a good opportunity for agro-tourism development. It lies in the southern part of the region, between the mountain of Kurvelesh in the east and the ridge of Cike-Lungare in the west. The geographical position of the valley, the beautiful landscape and the quality of local products constitute a good start for this type of tourism.

Tourism has grown significantly in recent years. From 1995 to 2015, the number of international tourist arrivals in Albania has increased almost 14 times, from 304 000 visitors in 1995 to 4 131 000 visitors in 2015 (World Bank, 2017). Many tourists prefer the coastal part of the country, especially Albanians from Kosovo. However, the number of foreign and domestic tourists is growing in some parts of our study areas as well. The villages of Voskopoja and Dardha and the cities of Korça and Berat are visited by an increasing number of tourists. Albanian customers are usually attracted by the natural beauty and cuisine. Foreigners tend to be more demanding customers. The tourist experience for foreign visitors varies and includes cultural and adventurous tourism (for example, hiking and rafting), as well as other types of tourist activities.

Some areas have a sufficient number of accommodation units. For example, Prespa has 18 guesthouses, Voskopoja – 20, Dardha – 10 and Boboshtica – 5. There is one campsite in Leskovik, the Taverna Peshku (Sotira farm), located between Erseka and Leskovik, that offers camping facilities and three bungalows (GIZ, 2014). Other areas are underdeveloped. They have an insufficient number of accommodation units and suffer from dysfunctional links in the tourism value chain. Various interventions suggested by the actors who were interviewed include: the development of rural accommodation, the development of marketing and promotion, the development of nature-based and rural tourism products, and capacity development.

The strategy and action plan for the development of the Albanian tourism sector highlights the importance of establishing new segments of tourism. There is potential for the rural tourism sector to develop. Renovating traditional farm houses for accommodation, creating tourism packages and improving infrastructure can contribute to targeting visitors who seek more a more exclusive type of eco-tourism (FAO, 2013). Korça, some areas of Berat and Skrapar districts, Lumi i Vlores and Bregu have the potential to attract a greater number of tourists. Table 14 provides a qualitative assessment based on the set of criteria adopted.

Table 14: Potential for agro-tourism VC promotion

Criteria	Agro-tourism value chain
<p>Market demand and potential</p> <ul style="list-style-type: none"> • Importance of the sub-sector to regional development • Evidence of high market potential or strong effective demand for products being produced in the sub-sector • Positive growth prospects and opportunities for income and employment • Assumed (potential) competitive advantage of the sub-sector in relation to the regional, national or international markets 	<ul style="list-style-type: none"> • A moderate number of small enterprises. Higher concentration in Korça compared with Berat and Vlora • Increasing demand by customers, both Albanians and foreigners • Employment of a significant number of individuals, including women • Indirect effect on demand for local products • Some areas with abundant natural resources have an advantage
<p>Outreach</p> <ul style="list-style-type: none"> • Number or significance of SMEs in the sub-sector and their distribution along the value chain • Estimated employment in the sub-sector (disaggregated by sex) • Location of major clusters in the area 	<ul style="list-style-type: none"> • Quite a large number of potential actors that are ready to engage in rural tourism and agro-tourism • No clear estimations, however, tourism is booming in some areas with corresponding effects on employment • There are different areas in each region that can be considered as separate clusters
<p>National priority ranking</p> <ul style="list-style-type: none"> • Government priority sector • Potential demonstration effects, assumed spill-over effects, repeatability in other sub-sectors 	<ul style="list-style-type: none"> • A strong emphasis from different government bodies on the important role of rural, agro- and adventurous tourism • Potential to replicate interventions, however, these are sometimes expensive
<p>Opportunities for intervention</p> <ul style="list-style-type: none"> • Existence of constraints / bottlenecks that could potentially be tackled in an efficient way • Ease of entry and openness of key actors (private and public sectors) towards cooperation • Likelihood of stakeholders to buy in and actively support eventual interventions 	<ul style="list-style-type: none"> • Reconstruction of local houses to be used as bed and breakfast units • Training of local entrepreneurs • Promotion of territory and accommodation facilities • Development of the nature-based and rural tourism activities / products portfolio • State-owned and donor agencies, value chain drivers and local communities can easily participate in initiatives focused on expanding the sector and improving tourism infrastructure
<p>Relevance for women's empowerment and cross-cutting issues</p> <ul style="list-style-type: none"> • Location of women's clusters in the area • Likely high impact on poverty or socially excluded groups in society (such as communities in remote areas) • Likelihood of opportunities for women's economic empowerment (for example, success stories) • Potential to add value to agriculture or other produce • Opportunities for networking • Opportunities for diversification 	<ul style="list-style-type: none"> • No women's association has been identified. However, women usually form the backbone of all services offered in all small accommodation facilities • Supporting tourism development in some areas with good potential can have a significant impact on the livelihoods of entire families and communities in the study area • Local people, including women, can generate income by providing accommodation, and selling crafts, farm products and forest fruits, etc.

3.3.8 Business models for non-selected value chains with the potential for diversification

In addition to the in-depth analysis of the three value chains, namely (1) MAPs, (2) beekeeping and (3) gourmet and traditional food, and the brief sector analysis of rural and agro-tourism, including their potential synergy with many of the selected and non-selected value chains, the research team also focused on an investigation of specific business models in the value chains that were not selected. Preliminary findings suggest that there might be some promising niche markets related to olive oil and aquaculture. In particular, the production of sauces, soap made with olive oil and trout is further explored. Additionally, interlinkages between aquaculture and tourism were thoroughly investigated. Hence, an analysis of successful business models within these two value chains was conducted.

3.3.9 An explanation of why particular value chains were not selected

Dairy production

The dairy industry suffers from fragmentation, the poor quality of inputs and poor processing practices. Cheese is largely produced in small processing units located in areas where milk is produced in large quantities. There are a few large, well-equipped factories and some leading dairy plants that produce hard cheese (GIZ, 2014). For example, Shaka shpk, Erzeni shpk and some other factories are located in the three target regions of this study. The market appears to be saturated. Many dairies have built large quantities of inventory.

Dairy production activities appear to be run by men only and women usually play a secondary role. This is more evident in mechanized milk processing units. However, in relation to products made using traditional methods, the level of women's involvement varies across the three regions. In Berat, both men and women are involved in the dairy sector (Ferdie Kajo, interview, 2016). In Korça, women are highly involved in this activity. While women have an important role in cheese and butter production, they are rarely involved in the commercialization of dairy products (Arjana Bubuqi, interview, 2016). This is more evident in Vlora, where commercialization is mainly run by men. Usually, women aged 50 years and above who live closer to cities can travel and sell their products in the city markets.

The opportunities for investment that might have some impact on women's empowerment are limited. There are some opportunities to mechanize production processes in certain remote areas where milk production, mainly goat and sheep milk, is high and there is a lack of processing capacities. Seasonal processing units are quite typical representing 48 percent of the country's units (GIZ, 2014). However, there is low involvement of women in these activities. Another possible intervention is to support women who produce cheese and other dairy products through home-based, conventional methods. However, there seem to be very few opportunities which could have a positive impact on their employment and income.

Handicrafts linked with organic wool

Handicraft is a female-dominated value chain and this tradition goes back centuries. Individuals and small enterprises in the three regions manufacture, for example, rugs, carpets, decorative fabrics, basketry, woollen socks and folk costumes. In some regions in the north of the country, handicraft is one of the most important diversification activities for many women.

In the study areas, the businesses in this value chain struggle to survive. The handicraft sector is competing with cheap imports (Albana Karapanco, interview, 2016) and the domestic market is weak (Vullnet Gjolla, interview, 2016). Furthermore, organic wool has been replaced by artificial fibre. In Berat, the value chain is not well developed even though there is a handicrafts association. Products are sold in Berat city. The sector is strongly linked to tourism, because tourists constitute the majority of customers (Ferdie Kajo, interview, 2016). There is no evidence of exports. In Vlora region, this home-based individual activity is disappearing. Vlora's organic wool is being sold in Kruja to be used for handicraft production. Products produced in Vlora do not seem to meet consumer preferences (Arjana Bubeqi, 2016, interview). There are no women's associations and young women do not show an interest in this activity. Moreover, even the technology seems to be inadequate (old looms are time-consuming and tiring for women).

The demand for handicrafts seems to be low. The traditional use of organic wool is slowly but steadily declining. Hence, the opportunities for the promotion of this value chain appear to be bleak, at least in our study areas. Any eventual intervention that aims to radically improve the long-term sustainability of these enterprises should address the challenging issues that relate to access to foreign markets (Ermira Repaj, 2016).

Olive oil

Olive oil production has increased substantially during the last few years. Berat and Vlora are well-known olive production and processing areas. There are a large number of processors and competition is fierce. There are no exact estimates about the total number of processing facilities in Albania. Some estimates put the number at more than 200 (Sabah Sena, interview, 2016). Many small facilities offer their services to farmers who intend to produce their own olive oil. However, many facilities are also underutilized and some remain unused for most of the time (Sabah Sena, interview, 2016). Thus, the market for olive oil production is becoming more sophisticated and companies need to improve their marketing capabilities and distribution capacities.

The structure of the industry provides some interesting clues about the level of competition and the flexible solutions that some firms have developed in order to survive. Olive oil processors can be categorized into three groups:

- (1) Small processors located near the production area, usually in villages. They produce virgin and lampante olive oil. They usually sell their own olive oil to bottling companies and to consumers visiting their area.
- (2) Small but highly mechanized processors who usually use their processing lines to provide processing services to farmers. They also produce four to ten tonnes of virgin, extra virgin and even organic olive oil. These companies sell directly to consumers. Some women entrepreneurs who run these businesses like Shpresa Shkalla and Valentina Postoli are well known processors receiving national and international quality awards.
- (3) Medium and large-sized processors produce and store higher quantities of their own olive oil, within the range of 20 to 80 tonnes. They produce extra virgin, virgin, normal and lampante olive oil. These companies sell their olive oil to larger bottling companies, restaurants and consumers. They partly export their production. Some companies like Sidnej (Berat region) run complex supply chains and are able to distribute their product nationwide (DSA, 2009).

Women play a significant role in farming, harvesting and post-harvesting (Ferdie Kajo, interview, 2016). They are also employed in the processing industry as low-skilled workers (Risi Albania / Helvetas, 2014). In Berat, both women and men are involved in small-scale olive oil production. Yet many families face a range of problems relating to low yields, a weak market and high levels of stock (Adriatik Serani, interview, 2016). A similar situation characterizes small-scale production and processing in Vlora.

In sum, the olive oil processing sector appears to be exposed to fierce competition. Many companies are run by men while the role of women is confined to low-skilled work. However, there are some niche markets such as soap made with olive oil and sauces that have proved to offer some opportunities for women or groups of women.

Aquaculture and trout production

Albania is rich in water resources, including a 370-km marine coast, a large number of rivers with torrential characteristics, three major lakes, several artificial lakes that serve as reservoirs for power generation, an abundance of reservoirs for agricultural use and coastal lagoons (FAO, 2013). Marine aquaculture consists of coastal lagoons which cover an area of 11 000 ha and marine cage cultures that cover an area of 70 000 m² of marine water surface. Currently, fishing and aquaculture are significant activities which have significant potential for development in the future. However, the sector is still underdeveloped compared to other EU countries (see Table 15).

According to Eurofish, aquaculture production in 2012 was approximately 2 000 tonnes. Most aquaculture businesses are concentrated in the coastal areas of the Ionian and Adriatic Seas. There are dozens of aquaculture farms cultivating gilthead sea bream (*Sparus aurata*), European sea bass (*Dicentrarchus labrax*) and mollusc (*Mytilus galloprovincialis*). Trout farming is concentrated in the south of Albania. The most well-known areas for trout cultivation are: Saranda, Vlora, Tepelena, Pogradec, Librazhd, Dibra and Tropoja (Bakui, 2015). “Koran” (*Salmo letnica* – the Ohrid trout) cultivation is concentrated near Lake Ohrid. A few hatcheries are involved in the cultivation of common carp (*Cyprinus carpio*) and silver carp for restocking purposes.

Table 15: Albanian and European aquaculture production (in tonnes) (2013)

	Brackish water	Freshwater	Marine	Total
Albania	800	620	670	2 090
Europe	62 678	455 722	2 303 760	2 822 160
% of European production coming from Albania	1.28%	0.14%	0.03%	0.07%

Source: (FAO FishstatJ, 2015; CID Calculations cited in Jimenez, 2015).

There are around 60 operators, usually small and medium-scale enterprises (FAO, 2013). There are also some small farms that operate in our target study areas, such as a small farm in Skrapari run by a local entrepreneur. Trout farms produce an estimated total of 676 tonnes of rainbow trout (Cobani *et al.*, 2013). Most of them try to hold down costs through natural reproduction of fish. Industrial feed for trout is imported through the hatcheries’ own channels from neighbouring countries.

Production is usually sold locally. The small farm in Skrapari sells almost all of its produce in Berat city or other nearby urban centres (Ferdie Kajo, interview, 2016). Another interesting case is Sotira Farm, located in the south-eastern part of Albania, 15 km from Leskovik town. It has integrated rural and natural tourism with trout cultivation and some other farm activities. Trout cultivated in this farm are sold to its tourist

arrivals (Edvin Zhllima, interview, 2016). Supply chains for these products are challenging since they require investment in appropriate transportation. Operating costs are high, especially the costs of feeding (Sabah Sena, interview, 2016). However, small producers have their networks of trusted clients and demand appears to be growing, at least in some areas (Ferdie Kajo, interview, 2016).

Investments for aquaculture farms of gilthead sea bream and European sea bass require good planning and the availability of large amounts of capital, especially for those firms that intend to apply intensive or semi-intensive techniques (Sabah Sena, interview, 2016). Trout farms require less capital but are still challenging businesses to run. The level of expertise that is needed in terms of technical knowledge and management skills appears to be quite high. All experts agree that there are significant setup costs to be considered before investing in aquaculture activities in general, including trout production. However, subsidy policies are working. Many new applications have been submitted for the establishment of aquaculture farms in Vlora. In the meantime, consolidated businesses are trying to meet EU standards in order to export abroad, since the domestic market is less appealing for some products (representatives of the Regional Directorate of Agriculture in Vlora, meeting, 2016).

Enterprises in the aquaculture sector are run almost exclusively by men. Women are usually involved in secondary activities (either fish feeding, cleaning and so on, or low-skilled work) in processing factories (Dervish Seferi, interview, 2016). There are some rare exceptions. For example, women are engaged in related activities like fish processing (dried in a traditional manner) in Pustec, near the Prespa lakes. Both women and men are involved in fishing small, freshwater lake fish. Women dry the fish using conventional techniques and sell this in the local markets. In general, many experts and all representatives of the Regional Directorates of Agriculture in the three study areas considered it to be a male-dominated activity, including the production and commercialization of products. However, favourable circumstances such as geographical location, availability of resources and tourism attractiveness could provide the right conditions for start-ups in which women can play a central role. Table 16 provides a summary of the levels of involvement of women and men in all of the value chains that have been discussed.

Table 16: A summary of women's and men's involvement in the value chains

Value chain	Regions		
	Berat	Korça	Vlora
Trout and aquaculture	Men only	Both women and men	Men only, while women are involved in fish cleaning
Agro-tourism	–	Mainly women involved in guesthouses	–
Traditional food and gourmet production	Mainly women	Mainly women	–
MAPs	Women and men	Mainly women involved in tea seed planting, leaf / flower collection and drying	Mainly women involved in collecting, drying and processing using traditional methods
Dairy production	Women and men	Mainly women	Mainly men, with help from women
Handicrafts linked with organic wool	Mainly women	Mainly women	Mainly women
Olive oil and soap production	Women and men	–	Mainly women
Beekeeping	Women and men	Men only	Men only



Photo 1: A small dairy in the village of Tragjas, Vlora. © FAO / Merita Meçe / Blendi Gerdoçi

4. Market analysis

4.1 Medicinal and aromatic plants sector

4.1.1 Production and market data

The demand for MAPs has increased globally due to changes in technology, lifestyle and consumer attitudes. Using an end-market classification, it can be categorized into four main markets – pharmaceutical, cosmetic, essential oils and the food industry (GIZ, 2014). The demand for herbs and spices in the food industry has experienced a slight upward trend in recent years. In Europe and Germany, it is considered to be the most important market for Albanian products (Beka & Kruja, 2012). Another important market for Albanian exporters is the United States of America: more than 70 percent of sage imports come from Albania (Boban, 2014). Essential oils represent an interesting end market for Albanian processors and exporters since essential oils are used in a range of different industries, including flavouring, pharmaceuticals, personal care and other industrial usage (Beka & Kruja, 2012). Many Albanian companies are moving in this direction, either to cut costs (for example, Gjendra Ltd.) using distillation as a complementary processing method or by focusing solely on some varieties of MAPs that are used mainly for essential oils (for example, MEIA Ltd.).

More than 50 percent of Albanian MAPs are exported to the EU, targeting Germany, followed by France and Italy, 16 percent and 14 percent respectively (European Commission, EUROSTAT, 2012). Lately, a growing number of smaller firms, usually located in Europe, have begun to purchase from Albanian exporters (Gjergj Cibuku, Artan Koldashi, Armando Truja, interview, 2016). There is growing demand from international buyers for Albanian MAPs. The range of products requested has increased (Gjergji Cibuku, interview, 2016) and the sector's value chain actors have responded accordingly (see export volumes in Table 17). New markets in Asia are being explored by Albanian exporters (for example, Gjendra Ltd. is selling to a large company in South Korea). Demand for some products such as wild tea is increasing (Gjergji Cibuku, interview, 2016). Trade data confirm this positive trend in exports (see Table 17). Volumes of trade are increasing and the value has reached EUR 20 million (Skreli & Imami, 2014). Exports of MAPs account for 18 percent of agricultural exports and 1.1 percent of total exports (INTRACEN, 2013). They include dried leaves, flowers and essential oils.

Table 17: Evolution of total exports of MAPs in quantity and value (2004–2013)

Period	Trade value (USD)	Trade value (EUR) ⁷	Net weight (per thousand tonnes)
2004	13 949 289	11 249 427	7 022
2008	25 733 243	17 505 607	8 176
2009	19 633 376	14 124 731	4 599
2010	20 947 664	15 750 123	5 200
2011	26 561 610	19 109 072	7 170
2012	26 784 107	20 925 084	8 154
2013	27 313 363	19 938 755	9 330

Source: UNSTAT, 2014.

⁷ The official exchange rate of the European Central Bank is used to convert United States dollars to euros for every year.

The domestic market is limited, restricted to the use of MAPs for culinary purposes and the preparation of herbal teas or traditional medicine. Recently, small bags of lavender or sage have been sold in some areas (such as Malesia e Madhe) as an aromatics mixture (Preke Gjeloshaj, interview, 2016). The processing of MAPs for the local market is limited to the packaging of some herbal tea. Companies such as Kraco Ltd. use MAPs that are produced in Albania but processed in Germany to produce herbal tea. There is strong potential in this sub-sector, but the lack of large-scale, modern processing lines and limited access to international markets remain the main obstacles for sub-sector development. Most of the MAPs business is made using wild-grown products that are always preferred, compared with the cultivated ones (Gjergji Cibuku, interview, 2016). However, cultivation is growing in many regions of the country, especially in those areas with poor land quality (for example, the area of Prespa in Korça region). Data provided by the Regional Directorates of Agriculture in the target study regions show that during the period 2011–2015, the total area planted with MAPs in Korça region increased from 34 ha to 154 ha, while in Vlora region it increased from 10 ha in 2013 to 41 ha in 2015. Even in Pustec municipality, where land is of a poor quality, the cultivation of mountainous tea has rapidly increased over the last six years covering an area of 10 ha. The increase in areas planted with MAPs has led to an increase in the total number of producers. Data from Korça's Regional Directorate of Agriculture show that the number has increased from 30 in 2012 to 180 in 2015, while data from Vlora's Regional Directorate of Agriculture show that their number has slightly increased from 31 in 2013 to 48 in 2015. For some potentially high value MAPs such as wild tea, the supply of wild-grown products cannot meet the demand. Hence, value chain drivers motivate farmers to cultivate them (Gjergji Cibuku, interview, 2016). However, the pace of cultivation is slowing in many areas because support from the government subsidy scheme has drastically decreased (the value chain actors who were interviewed confirmed this decrease).

4.1.2 Market trends

Organic production and processing: consolidating a new trend

There is an increasing demand for organic MAPs. Some important exporters of herbs and essential oil producers are moving towards a completely organic industry (Endrit Kullaj, interview, 2016). Unfortunately, farmers have not acquired the necessary expertise for organic farming (Gjergji Cibuku, interview, 2016). High standards for cultivation and post-harvesting remain the main challenges for the farmers. Additionally, many lack the financial resources needed to invest in this cultivation. Exporters such as Gjergji Cibuku or Gjendra Ltd. have financed new plantations of cultivated MAPs (for example, Devolli area, Korça region). Essential oil exporters have been using a similar approach in other areas (for example, MEIA in Shengjergj and Malesia e Madhe region) (Emiland Skora, interview, 2016). The quality requirements from foreign buyers, fierce competition among Albanian exporters and the strengthening of quality control by certification bodies have been some of the drivers that have motivated many exporters to work on the adoption of organic farming and collection of MAPs (Armando Truja, interview, 2016).

Market size and the risk of oversupply

Demand from foreign buyers is increasing year by year. Many exporters are exploring new varieties, either cultivated or wild-grown ones, as well as new markets (Gjergji Cibuku, Lindita Stromi, interview). Many are trying to upgrade their channels and sell to end users (for example, Cibuku Ltd., Gjendra Ltd. and Relikaj Ltd.). However, the competition with neighbouring countries such as Bosnia and Herzegovina, Montenegro and Bulgaria is strengthening (Endrit Kullaj, interview, 2016). Quality requirements are becoming more

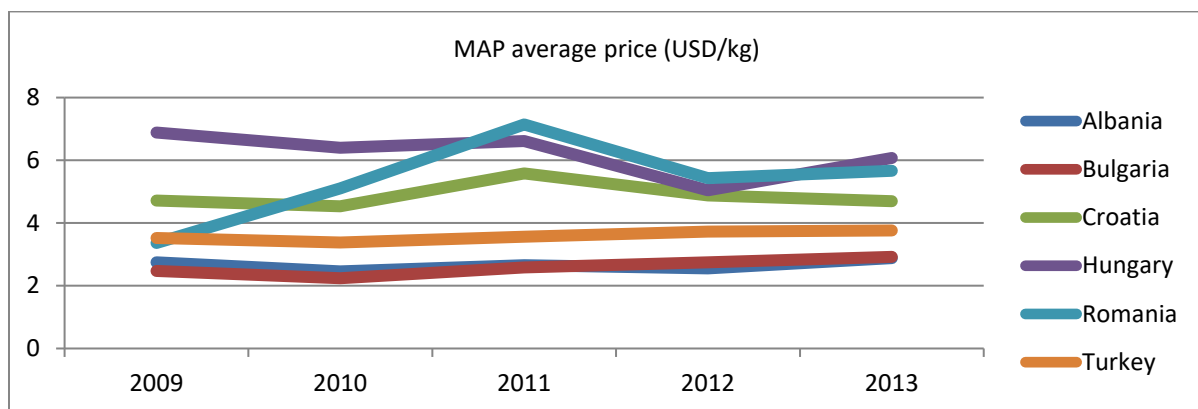
stringent, placing pressure on Albanian exporters to increase investment and implement traceability and monitoring and control systems (Armando Traja, interview, 2016).

Despite being characterized by a growing aggregate demand, some varieties of MAPs have a limited market, in terms of size and end users. The current and challenging situation concerning the sage price drop is considered a symptom of oversupply caused by a growth in cultivation. The limited uses of sage in the food sector, and the oversupply and vertical integration of an American company through the acquisition of an Albanian exports firm, are widely considered to be the main reasons for such a quick drop in sage prices among value chain actors (GIZ, 2014). Many farmers in the region of Korça (for example, in Voskop village) or Berat have suffered from weak demand because the market is oversupplied with sage (Isuf Brami, cultivator, interview, 2016). A similar situation can occur with *Helichrysum italicum*. The demand of two or three essential oil producers is limited, while cultivation in some regions in the north is increasing substantially (for example in Shkodra region).

Market prices

Generally, the market prices for Albanian MAPs have been steady, with a few exceptions such as sage or lavender (a 60 percent price drop in the last three years and 40 percent price drop in 2016 respectively). However, the prices of Albanian MAPs are sometimes lower than those of other competitors (see Figure 11). It appears that competitive pricing is one of the reasons that countries like Albania and Bulgaria are leading the market (Boban, 2014). Competition between Albanian exporters are putting profit margins under pressure (Gjergj Cibuku, interview, 2016), especially for those varieties of MAPs that are in high demand. On the other hand, low prices are attributed to poor post-harvest practices that affect the standards of some exported MAPs (GIZ, 2014). Loss during processing is considerable (Armando Truja, interview, 2016). Hence, prices for some MAPs at farmer level are low.

Figure 11: Average MAPs prices of selected MAP-producing countries



Source: Cotonnesrade, 2015.

Trends and future growth of the sector

The experience with the uncontrolled expansion of sage cultivation, which resulted in the immediate levelling-off of demand and supply, should be taken as a useful lesson for farmers or entrepreneurs who are investing in MAPs cultivation (GIZ, 2014). There is a clear need to look for other herbs to cultivate, while carefully considering the volumes that are produced, for instance, MAPs such as thyme, lavender,

chamomile, oregano, white mallow and cornflower, or new ones such as lemon verbena and anise (Endrit Kullaj and Armando Truja, interview, 2016). Cultivation of some varieties of MAPs needs to be better coordinated with value chain drivers in order to ensure demand sustainability and price stability. Some varieties that might be cultivated in the future in the area of Korça are wild tea and wild apple (Gjergji Cibuku). Other varieties, such as white oregano, can be cultivated in the area of Berat. There is a project focused on the cultivation of this MAP by Gjendra Ltd. (Armando Truja, interview, 2016). Value chain actors in Vlora are not currently focusing as much on cultivation. However, reduced supply by gatherers of wild-grown MAPs has put some pressure on local collectors to consider cultivation as a possible solution. MAP varieties such as lemon verbena can be easily cultivated in some areas (Manush Kondaj, consolidator, interview, 2016).

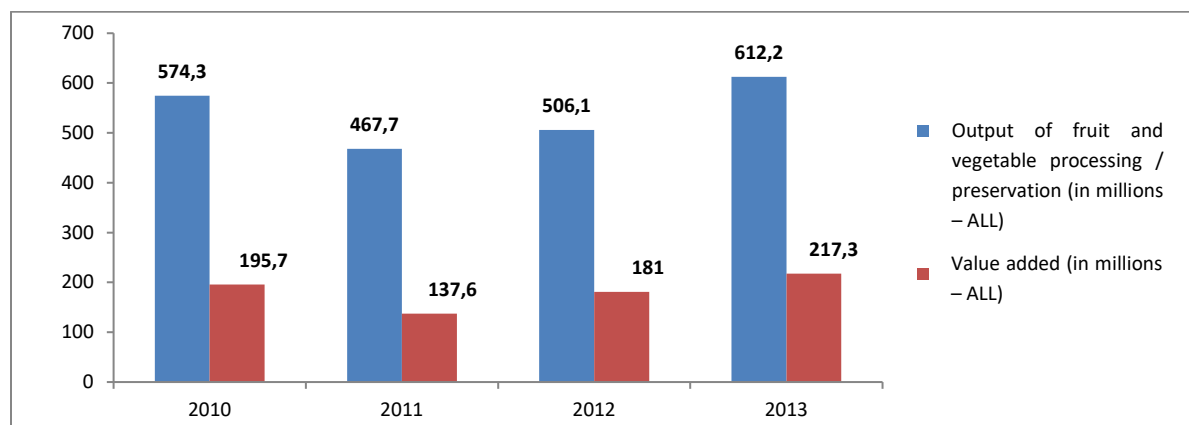
4.2 Gourmet and traditional food

4.2.1 Production and market data

The analysis of gourmet and traditional food needs to take into account what is produced locally by small producers in small workshops or at home and what is produced by industry, which is continuously trying to introduce new products that appeal to the propensity of Albanian consumers to be faithful to “traditional taste” and traditional recipes. There are different reasons for this type of complementary analysis: (1) to identify whether the product mix is similar or different; (2) to identify potential niche markets; (3) to explore a potential supply chain that can be cost-effective for small producers; and finally (4) to design potential interventions that focus more on small producers that offer gourmet and traditional food. However, the range of traditional food and gourmet is wider and includes other different products such as cheese, wine and olive oil.

There are no data about the quantities of gourmet and traditional food produced locally using traditional techniques. In addition, data about the processing industry are fragmented and not well disaggregated (FAO, 2013). However, data from UNIDO show an increase in the processing and preservation of fruit and vegetables, after a drop during the period 2011 to 2012. Similarly, value added is increasing incrementally (see Figure 12).

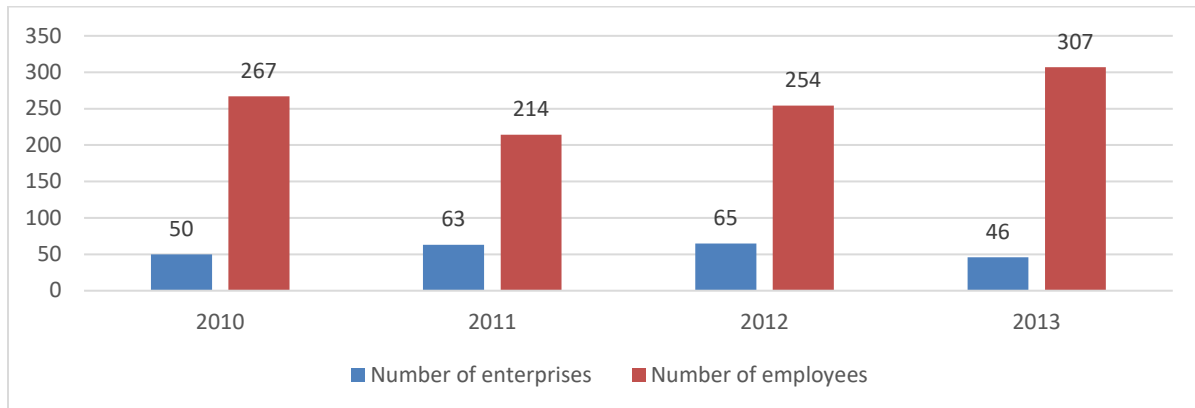
Figure 12: Output of fruit and vegetable processing / preservation (in millions – ALL) in Albania



Source: UNIDO, 2016.

The number of enterprises and employees in this sector has also increased (see Figure 13) although official data don't take into account seasonal employment, which is very common in both industrial and small-scale production. Most employees are employed on a weekly or monthly basis, especially in medium-scale processing factories (Diana Naum, interview, 2016).

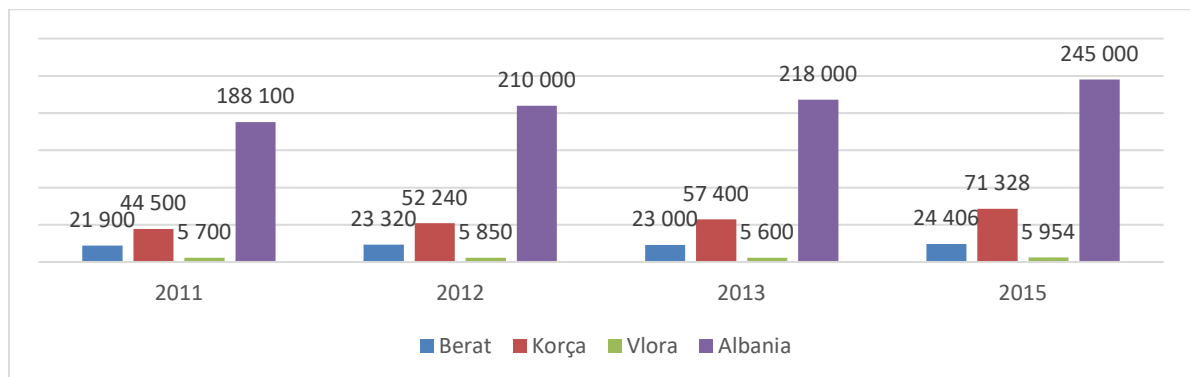
Figure 13: Number of enterprises and employees in fruit and vegetable processing / preservation (in millions – ALL) in Albania, 2010–2013



Source: UNIDO, 2016.

From a regional perspective, it can be argued that there is a strong correlation between the development of traditional food processing, on both an industrial and small-scale level, and the agricultural profile of the regions. Korça and Berati regions, for instance, have a strong production basis (see Figure 14) and many of the largest producers are located in these regions (for example, Sidnej Ltd., the largest producer of processed fruit and vegetables in Albania).

Figure 14: Regional and national production of fruit trees (in tonnes), 2011–2015



Source: INSTAT, 2016a.

Fruit juices and jams are the main processed fruit items imported from the EU, including those that are already produced in Albania such as jams, preserved apricots and other preserved fruits. In particular, in 2012, jam imports were 18 times higher than in 2000, imports of processed apricots were 39 times higher than in 2000 and imports of processed olives were 10 times higher than in 2000 (FAO, 2013).

Table 18: The dynamics of imports of selected products in Albania (in USD)

Products	2000	2012	2000 / 2012 increase
Fruit and vegetable juice	5 521 884	3 677 448	249.3%
Jam	85 515	1 578 929	1 566%
Frozen orange juice	268 892	114 219	93%
Preserved fruit	3 301	191 800	5 810%
Single citrus fruit juice		75 398	N/A
Mixed fruit juice	179 699	544 222	302.8%
Processed peaches	71 098	73 689	103.6%
Processed apricots	3 451	2 132	61.8%

Source: UNSTAT, 2012.

Small producers appear to be operating in every region, both in cities and rural areas. There are no reliable data on volumes of production. However, small producers are not seen as significant competitors by large-scale processors (Diana Naum, Sabah Sena, interview, 2016). In some niche markets such as dried fruits, blueberry jam or other specific forest fruits, small producers are the only processors but not the only suppliers, since many of these products are imported and sold in supermarkets or specialist shops.

4.2.2 Market trends

Gourmet and traditional food – industry versus small producers

The main output from the fruit and vegetable industry is made up of a limited range of pasteurized vegetables (cucumbers, peppers and mixed vegetables) in brine or vinegar, along with some types of jams and compotes (FAO, 2013). Other types of products are being produced by some large and medium-sized firms (see Table 19).

Table 19: Typical processed fruit and vegetable products by large-scale industry in Albania

Type of product	Main products
Vegetables in brine or vinegar	Pickled pepper, roasted pepper, mixed vegetables, pickled mixed vegetables (gherkins, peppers, cabbage, red beet), pickled pepper filled with cheese, peeled tomatoes, pasteurized stuffed olives
Salads and dressings	Curd cheese (fergesa), xaxiq, Russian salad, mayonnaise, ketchup
Concentrates and pastes	Tomato (sauce, pureed, compote), pepper (aivar)
Fruit jams and marmalade	Fig, cherry, plum and peach jams; apple and fig marmalade
Canned fruit	Peach, plum and cherry compotes

Source: FAO, 2013.

Gourmet and traditional food producers who use fruit and vegetables as raw materials produce similar products (see Table 20). However, there are differences in the particular recipes used by small producers, high value-added products such as “gliko”, or “rare” products such as cornel compotes and strawberry jams.

Table 20: Typical processed fruit and vegetable products by small producers in Albania

Type of product	Main products
Vegetables in brine or vinegar	Pickled pepper and cucumber, pickled mixed vegetables, pickled pepper filled with cheese
Concentrates and pastes	Olive purée
Fruit jams and marmalade	Gliko (type of jam using different fruits, vegetables and sometimes flowers); fig, cherry, plum and strawberry jams; apple and fig marmalade
Canned fruit	Cornel, plum and cherry compotes

Source: Our own assessment and FAO, 2013.

Another typical traditional food is goat and sheep cheese (“white cheese”) produced in almost every village in Albania because semi-subsistence households dominate the milk production sector. Milk from small ruminants is processed mainly at home, although industrialized production is growing. In general, approximately half of the milk produced is consumed in households, sold directly in the informal market or used for feeding animals (FAO, 2013). Therefore, home-based processing using traditional techniques contributes to rural household income.

In a decade and a half, the production of grapes has more than doubled, due to increasing yields and cultivated surface area. Lushnja, Fier, Vlora, Berat, Elbasan and Durres account for more than 50 percent of the total national output. The output of wine is growing, but most of the production (about 90 percent) is still informal. A similar amount (88 percent) of raki production is informal (FAO, 2013). Small producers in rural areas constitute the backbone of the industry. Many families in our study areas produce their own raki and wine. During the interview with a group of women from the village of Polena, it was established that both grape wine and grape raki were produced by every family as part of their village tradition.

Market size – niche versus mass marketed products

The production of gourmet and traditional food by small producers for commercialization purposes is limited. Large-scale production of traditional products restricts the potential of small producers. The market for fruit and vegetables is highly competitive. Many medium and large-scale producers are struggling and demand for some products is declining (Diana Naum, interview, 2016). The small ruminants sub-sector (sheep and goats) represents a *stagnant sector* of Albanian agriculture. The processing sector is stagnating as a whole, although some areas have growth potential (GIZ, 2014). Wine and olive oil production is becoming increasingly competitive with large firms trying to focus on high end products in order to target new market segments (Sabah Sena, interview, 2016). In sum, it is very difficult for small producers to compete in this environment considering their lack of capacity and capabilities. However, new niche markets are opening in the tourism sector. In areas with a significant tourism influx, gourmet and traditional products are sought after by visitors and tourists. Additionally, in some cities such as Korça and Berat, there is a growing trend among locals to consume “home-made” types of traditional food (Tatjana Stefo, interview, 2016). Finally, some “rare” local products such as cornel and blueberry jams or “gliko” are in high demand by locals and visitors. In general, it is quite difficult to quantify the market demand for gourmet and traditional food. However, in areas like Korça and Berat, there is evidence of a significant segment of consumers that can be targeted.

Market prices

We identified two pricing strategies that are used by small local producers: (1) competitive pricing and (2) premium pricing. Small producers who process cherries, apples, cucumbers and peppers, for example, tend to compete by lowering their prices. As an example, the price of the same jar of strawberry jam sold by small producers was 15 percent lower than the price set by medium or large-scale producers (ALL 240–250 compared with ALL 285). Other small producers focusing on high value-added products such as “gliko” try to diversify and charge higher prices than some large-scale producers. However, in general, small producers try to use competitive pricing as their main strategy (Tatjana Stefo, interview, 2016). In other cases, there is no pricing strategy since the products are experimental and there is no evidence of a cost analysis (for example, olive oil sauce produced by the Novosela women’s group).

Trends and future growth of the sector

Industrial production of traditional food is adjusting to consumer preferences. Some companies are diversifying, targeting niche markets that are either supplied by small producers or constitute a potential market for them. For example, Sidnej Ltd. is producing “gliko” (Sabah Sena, interview, 2016). Other producers, like Leopard Ltd. are trying to develop products for local pastry and sweet shops. Hence, competition is increasing even for “local” and “unusual” products which used to be “home-made” or produced by small, local producers.

Some small producers are focusing on labour-intensive products such as “trani” (a local food made from corn) trying to target local customers (mainly in Korça region) who appreciate this “home-made” product. These types of products have good potential to become commercialized, because the lifestyle of local Albanian customers does not leave them with the time that is required to prepare this product. Similarly, local bed and breakfast accommodation units are increasingly using local dishes in their menus (for example, Sidheri in Korça city).

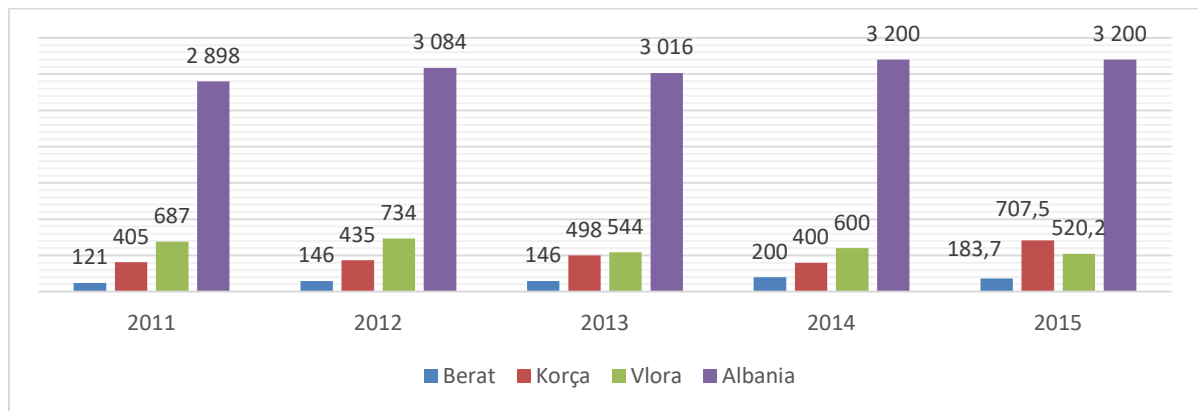
Rural tourism and agri-tourism in some areas has created new markets for local farmers and small producers. Mrizi i Zanave, the renowned restaurant in Lezha region, for instance, serves as a market for local producers and processes most of the locally produced raw materials. These business models are developing in other areas too. Sotira Farm, located near Erseke in Korça region, is another example of short supply chains of local produce and processing of local fruits and vegetables. Agri-tourism is led by value chain drivers, usually restaurants and bed and breakfast accommodation units, which bring the demand necessary for small producers to sell fresh products or produce gourmet and traditional food.

4.3 Beekeeping value chain

4.3.1 Production and market data

At national level, honey production has slightly increased in recent years (see Figure 15). In 2015, 3 200 tonnes of honey were produced in Albania, compared with around 2 898 in 2011 – an increase of more than 10 percent. Honey consumption per capita is approximately 0.6–0.7 kg per year, which is similar to the EU average. According to INSTAT (2016b), honey production in the region of Vlora has decreased, while production in Korça has almost doubled (75 percent increase). The increase in production in the region of Berat has been steady (more than 50 percent in 5 years).

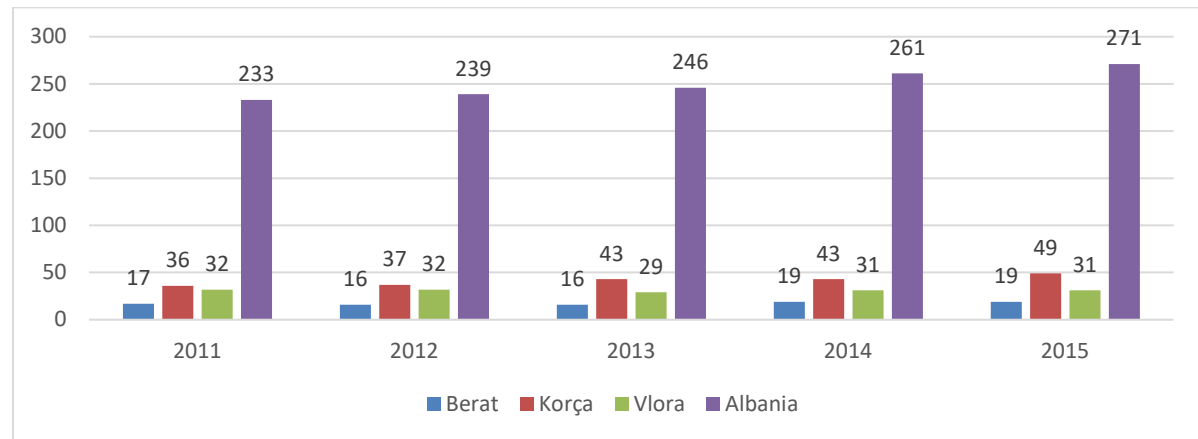
Figure 15: Honey production in tonnes in target regions and Albania (2011–2015)



Source: INSTAT, 2016b.

This significant increase in honey production was followed by a substantial increase of more than 16 percent in the number of beehives nationwide (see Figure 16). In 2015, the region of Korça region had 49 000 beehives, demonstrating a 36 percent increase, while in Vlora, the number of beehives has remained almost the same over the last five years. Productivity per beehive has also improved in Korça: while the number of beehives has increased by 36 percent, total production has increased by 75 percent.

Figure 16: Number of beehives (in thousands) in target regions and Albania (2011–2015)



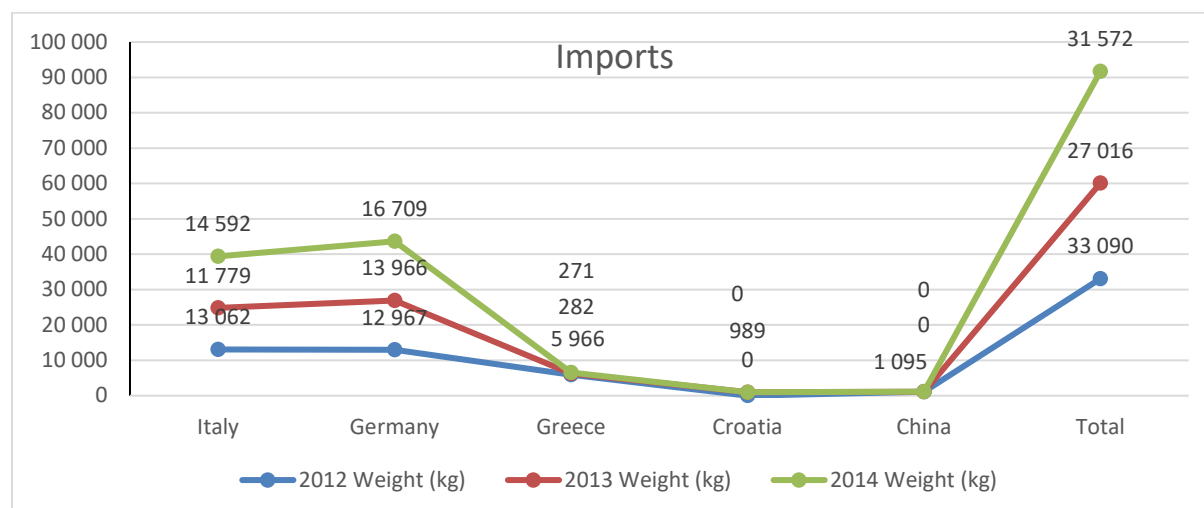
Source: INSTAT, 2016b.

There are no reliable data about the total number of beekeepers. For example, the association of beekeepers in Korça has more than 100 members (Gezim Skerma, interview, 2016) yet the number of registered beekeepers provided by Korça's Regional Directorate of Agriculture is only 20 (only one is a woman). However, interviews with the value chain actors confirmed that the number of families engaged in this activity is growing and it is expected that honey production will increase accordingly.

From a regional perspective, the beekeepers of Saranda in Vlora region and some beekeepers in Korça region are the most consolidated and market-oriented ones. Some large processors are investing in their own brands and one of them has been successful in exporting their product.

The importing of honey increased during the period 2012 to 2014 (see Figure 17), and Albania mainly imports honey from Italy, Greece and Germany. More recently, honey produced in China is being imported due to its low price. However, some of the imported honey is of a low quality (Adriana Dokaj, interview, 2016).

Figure 17: Honey imports (in kg), Albania (2012–2014)



Source: Agriexchange, 2015.

Exports of natural honey are increasing. Morava Ltd. exported more than 30 tonnes during the last year, mainly to the United States of America. Europe and China are the next target markets (Gezim Skerma, interview, 2016). The European market appears to be a good opportunity for large-scale, Albanian processors such as Morava Ltd., because European imports of honey increased considerably between 2011 and 2015, amounting to more than 339 000 tonnes in 2015. Around 40 percent of Europe's consumption needs are met through honey imports (Eurostat, 2016).

4.3.2 Market trends

Market size: growing domestic demand and export trends

The growing interest among beekeepers to increase their production and maintain sustained high honey prices is a good sign, showing rising demand for this product. Some argue that this is related to a growing consumption of the product by Albanian customers. On the other hand, exports of large quantities (for example, Morava exports around 30 tonnes per year) contribute to a certain extent to the increased demand for this product. Despite the different opinions of experts, all value chain actors agree that there are no apparent difficulties in selling honey or other bee products such as propolis or royal jelly. Demand is growing steadily and almost all producers intend to or are increasing their production. Interviews with some beekeepers in the target regions showed that they could produce between eight and ten quintals of honey per year (on average, it was 20–25 kg honey per beehive). Being aware of the high demand for honey, these beekeepers invested every year to maintain existing beehives or buy new ones. In any case, the producer-customer trust relationship was important. For instance, Albanian customers value the honey that is produced by trusted beekeepers and are loyal to them. Moreover, they are usually reluctant to buy

imported products (Tatjana Stefo, interview, 2016). Furthermore, honey producers were also reluctant to collaborate with each other because they were suspicious about the quality of the honey. During interviews, they stated that they were more confident about the honey they produced themselves using their own conventional methods, rather than the honey produced by other local producers. Some economic experts argue that this sector has huge potential for further development (Enver Gorica, interview, 2016). New niche markets are opening in the tourism sector and large producers such as Morava Ltd. are responding by introducing new packaging in 15, 20 and 25-gram sizes (Gezim Skerma, interview, 2016).

Market prices and product mix

The market prices for honey are high compared with developed countries (Gezim Skerma, interview, 2016). The price of one kg of honey ranges from ALL 1 200 to ALL 1 500. There are different types of honey (depending on where the honey bees collect nectar) and price differences exist between them (chestnut, medicinal plants, mixed flowers). There is a high demand for chestnut honey which has a higher price. However, there is no price difference between alternating quality within the same type of honey, and as such, the producers are not motivated to enhance or maintain the quality of honey to the highest standards (Zhlilima, Mehmeti & Ninga, 2015). Prices for royal jelly are also high – about 600 ALL per gram. Other products such as royal jelly, propolis, beeswax and cosmetics can increase their profitability if production and processing is carefully managed (Arjana Dokaj, interview, 2016). During the interviews with honey producers, it was observed that they used informal channels to sell their cosmetic creams made with honey. There were some cases where honey producers were connected with the owners of drug stores who sold the products to local customers. Others stated that they packed them in small, simple containers and liaised with their relatives in Tirana who sold them in particular shops. The number of beekeepers that produce other value-added products is small, due to a lack of knowledge and skills in processing techniques (Cane, Dawe, Ostrowski & Rivard, 2014).

Trends and future prospects for the sector

The experience of Gezim Skerma (owner of Morava Ltd.) shows that there are sizeable opportunities for this sector to become more export-oriented. Big processors are searching for new markets. However, the required investments are considerable and include processing equipment, laboratories, certification and marketing-related investments in packaging, labelling and brand building. The need for consolidation between producers is becoming very pressing since wide supply chains are difficult to maintain. On the other hand, increased production will place some pressure on prices and especially on quality requirements. Large producers need to upgrade their processes in order to continue to supply big exporters like Morava Ltd. While the domestic market is expected to grow in the near future, it appears that there are no significant changes in consumer behaviour – Albanian customers prefer the honey and other bee products that are supplied by local producers.

5. Value chain analysis

5.1 Medicinal and aromatic plants

5.1.1 Value chain actors

The most important VC actors are input suppliers, cultivators and harvesters, consolidators and processors / exporters. There are other actors in the value chain who offer various services such as advice, certification and technical assistance.

Input suppliers

The expansion of cultivated plots is mostly based on imported seeds (Balliu, 2011). Sometimes seeds are distributed by processors to farmers for free. For example, Gjergji Cibuku (Cibuku Ltd.) distributed the equivalent of EUR 15 000 for wild tea cultivation in different areas of Korça region (mainly in Prespa, Devolli and Erseka). Other exporters, such as MEIA Ltd., produce their own seedlings and sell these to farmers (Emiland Skora, interview, 2016). In the areas of Korça, Berat and Elbasan, different processors have financed cultivation through a variety of approaches (for example, Cibuku Ltd. in Korça, Elba Shehu Ltd. in Elbasan and Gjendra Ltd. in Berat). However, to the best of our knowledge, there is no production of certified seeds from local genotypes. The Agriculture Technology Transfer Center (ATTC) in Shkodra is the only government agency capable of testing and certifying different varieties of MAPs. However, most of the planting material is imported by exporters or is produced at a local level using different techniques.

Cultivators and harvesters

Harvesters of wild-grown MAPs and cultivators constitute the supply base for all processors and exporters. Harvesters are mostly located in remote and mountainous areas of the three regions of Vlora, Korça and Berat. It is usually a family business and a good way to diversify income. Women and children are heavily involved (Gjergj Cibuku, Armando Truja, Manush Kondaj, group interview, 2016).

One of the main problems with the collection of wild-grown MAPs includes early harvesting and the harvesting of herbs and removing the stalks. Eager to harvest as many MAPs as possible, harvesters do not follow the proper harvesting practices (GIZ, 2014). Furthermore, drying and transportation of the product is often carried out at the expense of good practice.

Cultivation has gained significance in the last five years and in particular areas, especially in the north and also in Korça, Elbasan, and to a certain extent, Berat. The main reasons for farmers' engagement in MAP cultivation are related to the poor land quality in some areas and support from processors / exporters and government subsidy schemes (FAO, 2014). The main problems with cultivation usually stem from post-harvesting practices such as drying (the product should be dried in the shade and not exposed to sunlight because this leads to the deterioration of quality and microbiological contamination) and the use of pesticides and other chemicals.

Recently, mountainous regions have been characterized by high population decrease. This has had a negative impact on the quantity of MAPs collected by farmers, leading to a decrease in the total number of consolidators, especially in remote areas (Manush Kondaj, Armando Truja, group interview, 2016).

However, there is evidence of a growing number of rural-urban migrants who live in the cities and return to their villages during harvesting season to collect some highly-valued MAPs (for example, Erseka and Skapar).

Consolidators

Consolidators serve as intermediary actors between farmers and processors. Their main function is to aggregate production and conduct some simple operations such as drying and cleaning. There is evidence of new collectors “appointed” by exporters in some areas where cultivation is developing (for example, a case in the Devoll area). These collectors monitor the cultivation of farmers, collect the produce and manage drying and storage facilities (Gjergji Cibuku, interview, 2016). Many have invested heavily in warehousing capacity (for example, Manush Kondaj, interview, 2016). Around 30 large collectors operate in Albania (Stefanllari, 2013; Gerdoçi, 2014). The business is becoming risky due to the high volatility of MAP prices. Additionally, a larger labour force is needed (Manush Kondaj, interview, 2016).

There are some cooperatives established by farmers which have invested in drying facilities and in the cultivation of MAPs. They have succeeded in gaining additional value from their produce. The most successful cases are located in Malësia e Madhe (for example, the Reçi and Lujz cooperatives, GIZ, 2014). The number of regional collectors is decreasing, as profit margins are squeezed, the collection of MAPs is reduced, and competition by exporters, who are trying to shorten supply chains, is increased (GIZ, 2014).

Processors and exporters



Photos 2 and 3: Photos taken at Gjendra Ltd., Berat. © FAO / Merita Meçe / Blendi Gerdoçi.

Large companies that export MAPs are usually engaged in processing. There are two large companies in Korça and Berat: Cibuku Ltd. and Gjendra Ltd. Most processors, depending on the scale of their operations, trade more than 500 tonnes of MAPs and rarely above 1 500 tonnes of MAPs a year. Only Gjendra Ltd., located in Berat, exports more than 2 000 tonnes of MAPs per year. Export companies have a long experience (around 20 years) in the sector and have established strong commercial ties with foreign buyers. They have invested in cleaning, cutting and packaging lines and they also own large warehouses. In some cases, investments are in the range of millions of euros. They are supplied by collectors and farmers from all over the country. These companies have also supported groups of farmers engaged in cultivation.

Retail-focused processors

There are few operators that focus on retail. With the exception of small producers who sell wild tea, rosemary and so on, there is no evidence of retail-focused processors in the study areas. However, at a

national level, there are two companies that produce tea and culinary herbs: ATC and GBE. They supply directly to grocery stores and supermarkets. Some grocery stores in Korça and Berat sell products produced or collected by local farmers (for example, wild tea). Other trade channels include green markets where salespersons have set up stands and sell herbs packaged in unlabelled plastic bags, and specialist shops that sell only herbs and spices (GIZ, 2014).

5.1.2 Value chain map and supply channels

Figure 18 presents a map of the MAPs value chain using volumes and supply relationships based on the national level. Korça and Berat value chain dynamics are very well represented in this map. The Vlora MAPs value chain is different, since there are no large processors and exporters in this region.

There are two main markets for MAPs: foreign buyers and the domestic market comprised of fruit and vegetable markets and supermarkets. Supply chains adjust accordingly.

There are three main supply channels for Albanian exporters: (1) consolidators, (2) other exporters and (3) farmers or groups of farmers operating as wild-grown herb collectors or cultivators.

Albanian exporters such as Gjendra Ltd. and Cibuku Ltd. have wide supply chains that extend across the country. They are dependent on contracts with foreign buyers such as Martin Bauer Group, Krauter Mix GMBH in Germany, Kalystyan, and Elite Spice in USA. This is why they need to fulfil their obligations by contracting consolidators, farmers or other exporters. However, contractual arrangements are usually short-term (one year or less than a year) which can prevent effective planning in the supply chain. Hence, it is necessary to identify all potential suppliers when an opportunity to sell arises. However, most of the time, local consolidators and groups of farmers form the supply base (Lindita Stromi, interview, 2016). Exchange relationships with consolidators seem to be based on a relational type of coordination (at least for 70 to 80 percent of the volumes that are exchanged). However, consolidators primarily serve as intermediaries for local farmers living in remote areas who collect wild-grown MAPs. Farmers engaged in cultivation try to sell directly to exporters.

There is evidence of growing coordination between exporter and farmer or among groups of farmers. The increased relevance of cultivation in some areas has motivated exporters to provide some support to local farmers (Gjergj Cibuku, interview, 2016). However, trade is based on an “on the spot” type of transaction, since farmers are not bound by contract and are inclined to sell to anyone who offers the best price. According to exporters, this is one of the reasons for the eventual oversupply of some varieties of MAPs. However, good and sustainable relationships are also present in this supply channel.

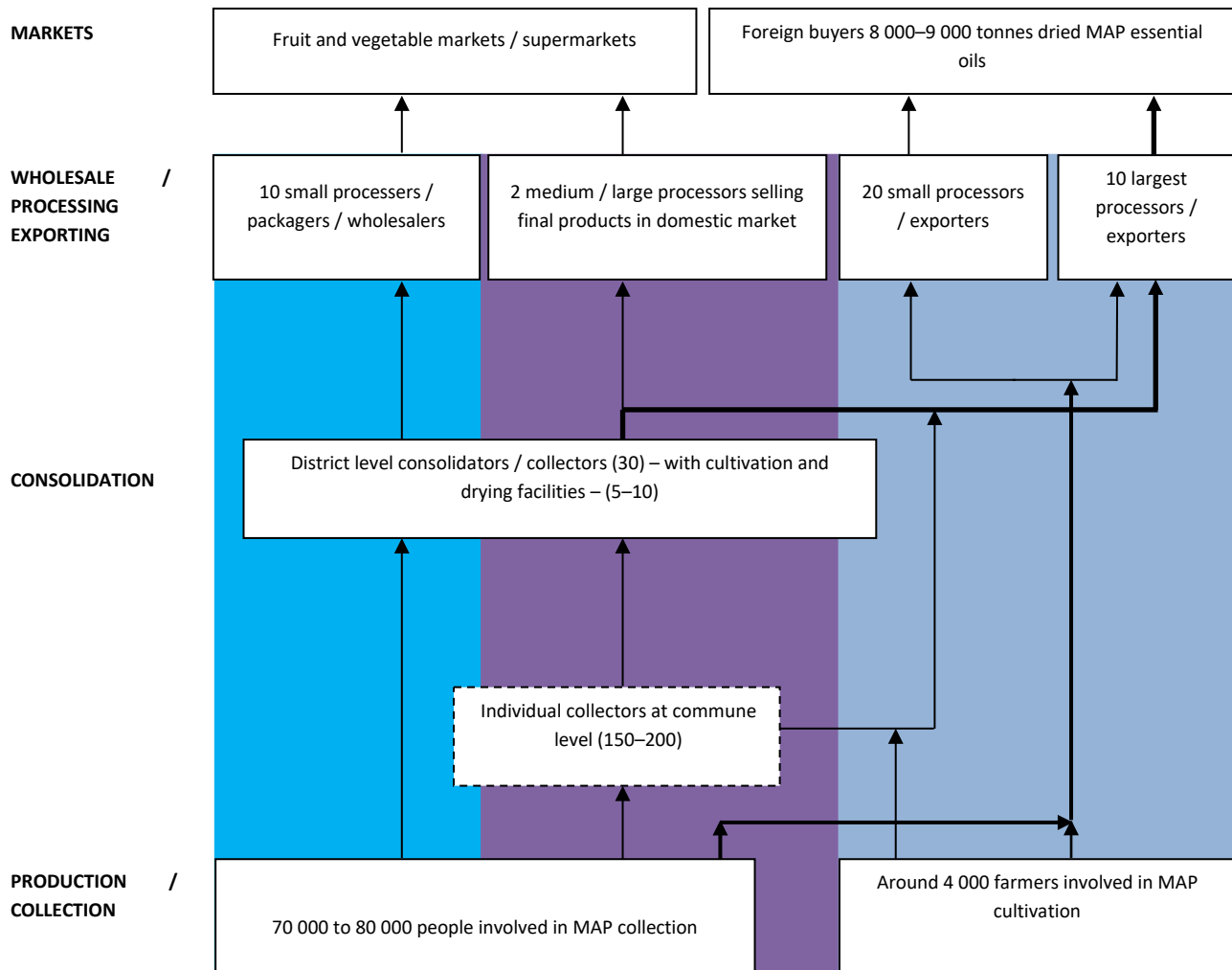
In general, exporters are reluctant to buy from their colleagues (Gjergj Cibuku, interview, 2016). Competition in this sector is fierce and competitive pricing is the norm. Suspicion about payment terms and the solvency of some export firms is becoming a recurring narrative when collaboration between exporters is raised as an issue. Occasionally, there are transactions between them but this is not very common. Prices are usually higher than other, more typical suppliers.

Usually, processing companies that sell to the domestic retail sector are supplied by local consolidators. These companies typically purchase a wide variety of products in small volumes. According to Ndoc Bashota, a supplier from one of these companies, exchange relationships are quite challenging since the

quality requirement is stringent. On the other hand, these small processors are also very good clients who pay good prices (Ndoc Bashota, interview, 2014).

Cases of MAPs sold in green markets can be found in both Berat and Korça. However, the quantities that are sold are small and the market is quite fragmented.

Figure 18: Medicinal and aromatic plants value chain map



Sources: FAO, 2014; DSA, 2011.

There is evidence of embedded services that are predominantly offered by exporters to some reliable farmers or consolidators, including seeds, seedlings and training on cultivation (Cibuku Ltd., Gjendra Ltd.). A few examples of contract farming for organic MAPs (Sonnetor Ltd.) or value chain financing (MEIA Ltd.) suggest that different chain governance is possible (Skora, 2014, interview). It seems that such services have been successful in improving product quality and mitigating risk among chain actors despite the competitive nature of the sector (GIZ, 2014). There are also cases of farmers in our study areas who have verbal contractual arrangements with exporters (for example, Isuf Bрами in Berat region). The presence of

such arrangements can mitigate risks and motivate farmers to continue cultivating MAPs despite price volatility (Isuf Bрами, interview, 2016).

5.1.3 Value added and opportunities for diversification

This sector has been characterized by lower margins for consolidators and higher share of final value for cultivators and exporters (GIZ, 2014). Exporters are trying to upgrade their processes in order to comply with international standards and add more value to their products. Both Cibuku Ltd. and Gjendra Ltd., leading exporters in the regions of Korça and Berat respectively, have invested in new processing lines and storage capacities (investment during the last three to four years has amounted to hundreds of thousands of euros).

Despite the importance of processing, the intrinsic value of the product depends on the way it is cultivated or gathered and handled after harvesting. Hence, different prices have been paid to farmers for the same product. For example, the price of one kilogramme of wild tea in Pustec (Prespa area, region of Korça) bought from farms ranges from ALL 600 to 800 (Pandi Andoni, interview, 2016).

On the other hand, costs are closely related to the cultivated surface and most importantly the labour that is needed. In remote areas, labour costs are low but farmers lack the financial resources to invest in large plantations. Despite having one of the most productive areas, in Prespa there are only ten hectares cultivated with wild tea in small plantations of 0.5–1.0 dynym (10 dynym = 1 hectare). Hence, some of the fixed and set-up costs are not negligible which lowers the net profit of farmers. Operative costs are also significant. For example, the direct labour costs for one dynym⁸ amount to ALL 20 000, including harvesting (a quarter of one dynym per worker, or around 50 kg per day). Despite small plantation size and insufficient expertise, yields appear to be very high at around 200 kg per dynym (Pandi Andoni, interview, 2016). At exporter level, the main costs are related to the loss of 15 to 20 percent of the product (part of the dried tea plant is cut and grass is cleaned away, among other things). Table 21 depicts the value added for farmers and exporters using the example of Devoll illustrated by Gjergji Cibuku.

Table 21: Value added for wild tea

	Farmer	Exporter
Price (ALL / kg)	700	1 100–1 200
Direct costs (ALL / kg)	100–150	200
Gross margin (ALL / kg)	550–600	200–300
Gross margin (as % of price)	78–85%	18%–25%
Share of value (%)	58–63%	37–42%

Source: Our own analysis based on data from the interviews with the value chain actors.

There are some farmers who have recently engaged in cultivation who have been successful despite price volatility. Some argue that it is possible to benefit from economies of scale and retain low production costs by adopting good farming and post-harvesting practices, investing in large plantations and building good relationships with buyers (see Box 1).

⁸ One dynym is one tenth of a hectare.

Box 1: Capturing value where many fail: a success story from Berat

Isuf Brami, an agronomist and farmer in the village of Dushnik (Berat region) has recently become engaged in sage cultivation. In 2014, he invested EUR 10 000 in MAP cultivation, planting ten hectares of sage. During this year, he managed to obtain 12 tonnes in the first harvest and almost 7 tonnes in the second one. He anticipates a 30-tonne harvest in the third year when the plants are grown. Although prices have dropped by at least 80 ALL / kg (actual prices are around 90–100 ALL / kg in some areas) Isuf says that the profit is still acceptable. The cost of one kg is approximately ALL 500 (300 ALL / kg is the cost of labour only). If we include depreciation over a 7-year lifespan for this variety of sage, the profit margin is around 35 to 40 percent.

Isuf is happy with his investment. He considers MAP cultivation to be a good opportunity for local farmers focused on olive cultivation since the two can be easily combined. He plans to invest in the cultivation of 30 hectares of olive trees and is trying to decide what variety of MAPs to cultivate in this new plantation. He argues that whatever profit he can make from MAPs, he will cover all of the costs related to olive cultivation.

Source: Our own analysis based on the interview with Isuf Brami, a local farmer.

To summarize, it can be argued that most of the value captured by farmers depends on the type of MAPs that are cultivated or collected in the wild, cultivation and post-harvesting procedure expertise, and supply chain coordination. Additionally, more value added can be obtained by farmers if some of the further post-harvest processing (for example, drying) can be performed before the product is sold to buyers. For example, wild tea is sold semi-dried and sometimes in a contaminated state. An increase in the storage and drying capacities in the areas where products are collected or cultivated can substantially improve the value that is captured by farmers.

5.1.4 Business models and success stories: opportunities for women's economic empowerment

There have been a number of developments in the MAP sector over the last three to four years. Processors usually want to “cut out the middleman” in pursuit of more value and improved quality (GIZ, 2014). Hence, a business model where the buyer integrates backwards and coordinates production is becoming dominant among some exporters in our study areas, but also in other areas across the country (for example, Cibuku Ltd. and Relikaj Ltd.). In some cases, this type of backward integration becomes necessary because farmers, despite receiving support from buyers in the form of seeds, are selling their products to different buyers to the ones who provide the seeds (Gjergji Cibuku, interview, 2016). In other cases, value chain drivers invest directly in cultivation. In Korça region, Berti Xhaja is cultivating around 100 hectares of MAPs in the Çerava area.

This situation has created some difficulties for small farmers, especially those living in remote areas, who are being neglected by the “big players” in the supply chain (Arzen Rexha, agronomist, interview, 2016). Additionally, a lack of collective action is observed among producers who are often suspicious about cooperatives. Producers see cooperatives as being linked to a historical system of socialism and fear that

their bargaining power may be reduced within the cooperatives. Although farmers need collective action to maintain sustainable businesses, there is also an additional reason for their motivation to engage in this type of horizontal collaboration. A few cases of successful small cooperatives can be identified in Shkodra region (see Box 2). Similar organizational forms, although more controlled by the value chain drivers, are developing in our study areas too (for example, the group in the Devolli area). Because most of the collected wild-grown MAPs are dried by harvesters in inappropriate conditions, investment in drying and collection at local level or consolidator level is an investment that can aggregate production and increase the bargaining power of participating farmers. Evidence collected suggests that such organizations are beneficial to both processors and producers due to product consistency and quality and high volumes (GIZ, 2014).

Box 2: Horizontal cooperation: a pro-poor solution for product and process upgrading

The LUJZ group of farmers, established almost six years ago and comprised of around 25 families, is one of the few initiatives to organize producers into associations or cooperatives. All members of this group are farmers located in Koplik i Siperm. They are cultivating different varieties of MAPs such as sage, thyme and lavender in an area where the cultivation of other crops is very difficult due to the poor quality of the land.

In order to support and strengthen the capacities of this farmers' group, a joint project comprising the ProMali program (implemented by SNV and financed by the Danish Foreign Ministry), the AAC (Albanian Agriculture Competitiveness Program financed by USAID) and the LUJZ group of farmers was implemented in 2013. The result was the construction of a warehouse and processing area equipped with easy to use post-harvesting tools and equipment. Product and process upgrading through the use of appropriate and cost-effective technologies was the main result of this intervention. The outcome of this intervention was a substantial increase in value chain efficiency, performance and competitiveness. The LUJZ group was able to increase their negotiating power, improve the quality of their MAPs, and lower the operational costs of drying.

The final impact was an increase in income and employment. Now, MAP cultivation has become a full-time activity. Lately, the LUJZ group has begun diversifying its production and focusing on organic farming. The surface area that was cultivated grew from 53 hectares to more than 150 hectares in just three years and the warehouse is fully utilized, enabling the processing of at least 150–200 megatonnes of dried product per year. This model has been replicated in the villages of Reç and Dedaj.

Source: SNV, ProMali annual report, 2013.

Similar solutions have been planned by Connecting Natural Values and People (CNVP), an organization operating in many regions of Albania. Groups of women in Gorica village (Prespa region) are being supported by this organization. The main challenge they face relates to storage, be it mushrooms, wild tea or other crops. Furthermore, processes related to product organization and coordination, as well as quality control systems, appear to be quite difficult (Albana Cule, interview, 2016).

5.1.5 Needs assessment for women farmers and producers' groups

The following analysis is focused at farm and producer group level, since, to the best of our knowledge, all women involved in the sector fall under these two categories. Evidence collected through interviews with

value chain actors and other stakeholders suggests that women face significant challenges and need support on a range of different issues. These findings are summarized in the following table:

Table 22: Needs assessment for value chain actors in the MAPs sector

Sub-sector	Women farmers	Women's producer groups
Access to markets	<ul style="list-style-type: none"> • Knowledge about high-yield varieties • Linkages with local consolidators and exporters • Restricted mobility due to cultural norms 	<ul style="list-style-type: none"> • Agreements or contracts • Information related to best product mix • Access to information regarding demand trends and prices
Access to technologies	<ul style="list-style-type: none"> • Seedlings and seeds for new varieties of MAPs • Harvesting equipment • Note: There are different levels of adoption of new technology among females and males 	<ul style="list-style-type: none"> • Storage capacities • Cost-effective processing technologies
Access to finance	<ul style="list-style-type: none"> • Financing new plantations, especially those considered to be "new" varieties of MAPs • Contract farming combined with VC financing with consolidators and processors 	<ul style="list-style-type: none"> • Debt or grant financing to invest in storage facilities • Contract farming combined with VC financing with consolidators and processors
Access to skills and knowledge	<ul style="list-style-type: none"> • Expertise regarding new varieties of MAPs to be cultivated • Plant nutrition and harvesting techniques • Farm management 	<ul style="list-style-type: none"> • Better knowledge of market trends • Cooperative management • Plant nutrition, harvesting and post-harvesting techniques • Farm management

Women farmers' and producers' groups needs differ depending on the area in which they operate, farm size and experience in MAP cultivation or collection. Additionally, the level of collective action and vertical coordination with consolidators or exporters can be a significant factor in determining needs in one specific area. In some cases, there is no need to start from scratch since there might be a good level of collaboration (see Box 3). Other needs that could be addressed include product development or product mix strategy.

Box 3: New ways to diversify family income: the case of rural women in Pustec Municipality

The municipality of Pustec is located in the north-eastern part of Korça district, bordering the Republic of Macedonia in the east. This predominantly rural area of 198.68 km² is comprised of nine villages and is surrounded by rich natural resources, including the National Park of Prespa which covers a total area of 27 750 ha. According to 2011 census data, this territory has a total population of 3 290 inhabitants, within which the share of the older age group (65 years and above) has slightly exceeded that of the very youngest age group (0–14 years). The female population aged 65 years and over represents about 56 percent of this age group. The population in Pustec Municipality is homogeneous and belongs to the Macedonian National Minority (Albanian Constitution, 1998). Geographical proximity with the Republic of Macedonia has significantly increased population mobility in general, and the migration of young people during the years of transition in particular. Many young people from Pustec Municipality work there during the daytime and return to their villages in the evening or at the weekend.

Small fresh fish from the Prespa Lakes are an important source of family income, along with field crops. However, the cultivation of mountain tea (*Sideritis*) is also seen as a profitable economic activity which has recently developed in this area and diversified family income. Formerly, women and men used to collect wild mountain tea from the surrounding mountains. Evidence shows that there were, in total, 61 collectors and 25 were women (CNVP, 2015). Mountain tea cultivation started almost six years ago in Zaroshka village and widely spread to the other villages of Pustec Municipality. Women are extensively involved in this activity, changing their role from wild mountain tea collector to mountain tea cultivator / producer. Initially, tea seeds were spontaneously collected by rural women and men in the surrounding mountains. However, seed cultivation fits well with the characteristics of the soil in this area. Nowadays, about ten hectares are planted with mountain tea in the territory of Pustec Municipality. According to the agronomist of the municipality, more than 50 percent of the families have planted 1 to 2 dynym. Rural women are directly involved in all production tasks and sales to a local firm from Pogradec. Sometimes children assist them in manual weeding and harvesting operations.

During the first year, this plant requires more irrigation than in subsequent years, while its productivity varies from 1 to 3 quintals / dynym (during the first year) to 3 to 6 quintals / dynym (during the third year). Income from the sale of mountain tea leaves and flowers is about 200 000 ALL / dynym. Rural women also save mountain tea seeds using conventional methods and sell them at a good price (a small portion of seeds costs ALL 3 000).

Despite efforts made by the women to cultivate this plant and generate higher income for their families, they lack the relevant skills and resources. Some valuable support has been provided by CNVP to strengthen the producer-collector partnership and organize the community in the village of Gorica. The results are promising and horizontal and vertical collaboration has increased. The situation is quite different in other villages in the area of Pustec. However, despite the progress that has been made, there is still a lack of the necessary infrastructure to increase and upgrade cultivation and post-harvesting practices. There is no warehouse for post-harvest processing activities such as drying. Lack of trust among cultivated mountain tea producers makes their organization in cooperatives difficult, hindering the facilitation of market information and guarantees for the contract-based sale of their products.

Source: Our own analysis based on interviews with local value chain actors.

5.1.6 SWOT analysis by region

Table 23 depicts the different levels of development of the MAPs value chain in the three regions – Korça, Berat and Vlora.

Table 23: SWOT analysis of the regions

	Strengths	Weaknesses	Opportunities	Threats
Korça	<ul style="list-style-type: none"> • Developed MAPs value chain • Good soil and climatic conditions, especially for some MAPs • Experienced consolidators and exporters • Wide variety of MAPs 	<ul style="list-style-type: none"> • Focus on other higher value-added crops • Insufficient knowledge about MAP cultivation in some areas • Increased opportunism and a lack of reliability among farmers 	<ul style="list-style-type: none"> • Large areas available for extensive cultivation • Cheap labour force in Prespa, Pogradec and Erseka 	<ul style="list-style-type: none"> • Potential contamination from intensive farming in some areas • Increasing labour costs in some areas near the urban centres • Price volatility for some MAPs
Vlora	<ul style="list-style-type: none"> • Abundant resources of wild MAPs, especially in the area of Lumi i Vlores • Cheap labour in some remote areas 	<ul style="list-style-type: none"> • Limited cultivation and lack of experience • Limited harvesting in some rich areas • No relevant consolidators in the area • Weak linkages with other value chain actors 	<ul style="list-style-type: none"> • Potential for MAP cultivation in some areas • Potential for organic harvesting in remote areas 	<ul style="list-style-type: none"> • Depopulation of some areas • Increasing labour costs in some places near the tourism areas, such as the Bregu area and near Vlora
Berat	<ul style="list-style-type: none"> • Abundant resources of wild MAPs in many areas, especially Skrapar • Experienced large exporters (Gjedra Ltd.) and consolidators, particularly Skrapar (2 consolidators in Çorovoda) 	<ul style="list-style-type: none"> • Very limited cultivation (only in some areas of Skrapar and less in areas near Berat) • Several areas of this region, especially those near Tomorri Mountain, have been over-exploited 	<ul style="list-style-type: none"> • Potential for MAP cultivation in some areas of this region • Potential for organic harvesting and farming, especially in remote areas 	<ul style="list-style-type: none"> • Loss of biodiversity due to overharvesting • Depopulation of inner areas undermines sustained supply with wild MAPs

5.2 Gourmet and traditional food

5.2.1 Value chain actors

There are different actors operating in this value chain. Although our focus is on small-scale production, the supply chains of large-scale producers have been also analysed since some of the small-scale producers are both suppliers and processors in this value chain. Additionally, they sometimes compete for the same targeted customers. These interdependencies are worthy of exploration.

Input suppliers

The small and medium-sized processors source raw materials from farmers with large businesses or groups of farmers. A small proportion of raw materials is imported. While quantities of vegetables and fruits for processing are no longer the main problem, there are ongoing challenges related to sourcing adequate quantities of fruit such as cherries, figs and peaches. Fragmented production and the low quality of raw materials (because farmers try to sell low quality fruits that they cannot sell fresh to processors) hinders the opportunity for processors to achieve economies of scale. Hence, production costs are high and quality is affected (FAO, 2013).

On the other hand, small producers of gourmet and traditional food usually produce the raw materials that they need or purchase them from farmers at fresh vegetable markets (Aferdita Shahini Goxhomani, interview, 2016). Women farmers who produce traditional food have a cost advantage (group of women in Polena village, meeting, 2016) and produce similar products (with some exceptions) to the ones that are produced by the consolidated processors. Conversely, women who live in cities tend to focus on high value-added products such as “gliko”.

Consolidators

While consolidators serve as intermediary actors between farmers and large processors, their role in the production of gourmet and traditional food is almost non-existent. Small producers of local foods process small quantities. Hence, they either produce raw material themselves or purchase it from farmers. However, in some cases, consolidators play a significant role in aggregating production and facilitating access to processed products markets. For example, in Roshnik village (Berat region) local farmers sell dried figs to a processor in Uznova but also to a collector in the area who sells directly to retailers in the main cities such as Tirana, Durres and so on.

Processors

There are two large processors that supply the domestic and export markets. One of these companies, Sejega, is located in Tirana, and the other, Sidnej, in Berat. There are, in total, 73 specialized enterprises processing fruit and vegetables in Albania, with 32 enterprises specializing in tinned fruit and vegetable production. Production lines are fairly simple and are operated by experienced personnel. Operations mainly include washing and cleaning of the vegetables and fruit, removal of stems and seeds, blanching, marinating, packaging and pasteurization. In recent years, most medium and small companies have purchased some second hand or new equipment (FAO, 2013). Usually, purchases of new equipment are mainly focused on improving quality or cutting production costs (Diana Naum, 2016, interview).

There are also a large number of specialized workshops / small processing units that operate in local markets. Some of them are led by women who use traditional processing methods. A group of women in Permet has been successful in producing products such as traditional jam or “gliko”. Their products have been promoted by the Albanian Association of Marketing and ProPermeti under the brand “Prodhime Jugu”. They sell around 20 000 jars of different varieties of “gliko” to tourists who visit their workshop or to different small retailers in Tirana (RisiAlbania, 2014). Another category of producers is represented by individual women who are engaged in the production of similar products. However, volumes are smaller and commercialization is challenging (Aferdita Shahini Goxhomani, interview, 2016). In Aferdita’s case, she is able to produce around 30 jars of one variety of “gliko”. However, the product mix is very wide – more than 20 varieties of “gliko” including some specific types such as one produced using rose petals.

Retailers

Products produced by large processors are sold in all retail outlets including groceries, supermarket chains and also “big-box” retailers such as hypermarkets. In some cases, domestic supermarket chains such as BigMarket are the main buyers for medium-sized firms like Leopard Ltd. (Diana Naum, 2016, interview). The growth of supermarket chains provides both an opportunity and a challenge for Albanian producers, because Carrefour, Conad and other retailers import most of their products (FAO, 2013) yet also offer an excellent outlet for many “Made in Albania” products. Small local groceries or specialist organic food shops are the only retailers that sell gourmet and traditional food. Although their number seems to be growing (new shops have recently opened) they sell small volumes to a specific group of customers.

5.2.2 Value chain mapping and marketing channels: a comparative approach

Large companies use several distribution channels at the same time, including (1) direct supply to retailers, and (2) sales to wholesalers and distributors.

- The first channel remains the main and most important marketing channel. It is used by both small and large companies. Direct distribution is expensive considering the fragmentation of the retail sector, but it appears to be the only solution for many companies. However, larger companies are becoming more focused on large buyers, such as supermarket chains (FAO, 2013). There are cases of supermarket chains that are purchasing products at production sites (Diana Naum, 2016, interview). This practice can cut costs for some producers who are not inclined to invest heavily in logistical infrastructure.
- The second marketing channel is indirect distribution using wholesalers. However, the wholesale channel is losing its significance as supermarket chains are becoming more proactive and their importance is increasing. Nevertheless, in more remote locations, some wholesalers have retained a significant role in product distribution.

There are five main marketing channels for gourmet and traditional food producers: (1) small local groceries; (2) tourists visiting their area; (3) restaurants; (4) small shops specializing in organic and traditional food; and (5) local and national fairs. Most local gourmet and traditional food producers use short supply chains. In some rare cases, longer supply chains are used, especially for particular traditional and rare products.

- Selling to local supermarkets or small shops is one of the main marketing channels used in areas with tourist influxes, such as Berat. Local producers are experimenting with rare products that are bought by many visitors and tourists as “souvenirs”. However, since these outlets are controlled by the tax office and

most of these producers fail to procure the necessary receipts, this marketing channel is now rarely used. Some small shops continue to sell these products but only in small quantities (Aferdita Shahini Goxhomani, 2016, interview).

- There is evidence of a growth in sales directly to tourists and visitors. The research team identified at least two cases in Berat city. Usually, products are sold at the workshop or household premises. In some other cases, for example Agropuka (in the city of Puka, region of Shkodra), small shops serve as outlets for local producers (RisiAlbania, 2014). However, there is evidence of direct sales to tourists and visitors in the street or in nearby local restaurants or tourist attractions (for example, we found one case of an older woman based in Berat city).
- In general, traditional products can be found in restaurants, as well as in bed and breakfast accommodation units in many rural areas. In most cases, these products are produced by the owner of the restaurant / accommodation unit or an employee, or they are purchased from local farmers and small processors (Aleksander Sejko, interview, 2016). However, there is a growing trend that neglects some types of locally-processed food. In villages like Voskopoja, renowned for their tourist attractions, traditional products (such as home-made bread) are being replaced with products made by large-scale processors (Tatjana Stefo, interview, 2016).
- Organic shops such as MIA organic represent another outlet for products made in small workshops using traditional methods. Some small associations of farmers or local producers like the Permeti group of women of Agropuka sell to these outlets. However, transportation costs and the relatively small volumes sold make these marketing channels expensive and not always suitable to many small producers.
- The main marketing channel used by many women or women's associations is local and national fairs. Groups of women that have been created and supported by different donor-funded projects use this particular type of marketing channel (for example, women's groups in Novosela, Diber, Dvoran and Orikum). It appears to be the case that subsidized transport, packaging material and other services provided by donors offer a useful opportunity to these groups to sell their products. However, sales tend to be limited and sporadic.

There is evidence of gourmet and traditional food sale using salespeople (usually family members) who sell products to, for example, restaurants, hotels and small shops. One woman from Polena women's group sells 1.5 tonnes of "trani" (a local food made from corn). Her son arranges the sales and meets with individual customers, shopkeepers and grocery or restaurant managers. Similar practices have been adopted by other groups such as Agropuka (RisiAlbania 2014). However, organizational challenges and the division of tasks (production, distribution, bookkeeping) are unusual among groups of small producers. Hence, these practices are not common.

5.2.3 Value added and opportunities for diversification

This sector has been characterized by lower margins for processors (FAO, 2013). Distribution, promotion, fierce competition between producers and higher profit margins required by retailers has squeezed the margins of large and medium-sized processors (Diana Naum, interview, 2016). While small processors in rural areas can lower some of their costs by using lower grade fruit and vegetables, these products cannot be sold easily.

Furthermore, some of the products are home-made, using local recipes, which makes them more attractive to some informed local customers or tourists.

Some local products are produced exclusively by local, small producers, usually women. Production of “sweet trani” for example is a tradition in the region of Korça. It is labour-intensive work that requires patience and experience, but profits are good. Many women make “sweet trani” in their houses, but because it requires time and effort, others are more inclined to purchase it in local shops. Table 24 shows the distribution of value between women producers of Polena village and small retailers based in the city of Korça.

Table 24: Value added for “sweet trani”

	Producer	Retailer
Price (ALL / kg)	150	200
Direct costs (ALL / kg)	90	10
Gross margin (ALL / kg)	60	40
Gross margin (as % of price)	40%	20%
Share of value (%)	75%	25%

Source: Our own analysis based on interviews with the value chain actors.

The group of women from Polena village argued that much more could be sold if the product was well-packaged. Furthermore, some retailers prefer to have the product with higher quality packaging and are willing to pay extra money for it. A similar distribution of value can be observed in the analysis of “soar trani”. This product is sold by women for ALL 300 and the retailer sells it for ALL 400. The costs are higher compared to “sweet trani” because “soar trani” requires three to four times more work.

Another product that this group of women intends to commercialize is strawberry jam. One jar of strawberry jam (almost half a kilogramme) has a cost of ALL 150 to 160. It is currently being sold occasionally but the potential is quite significant (see Table 25 below).

Table 25: Value added for strawberry jam

	Producer	Retailer
Price (ALL / kg)	250	340
Direct costs (ALL / kg)	160	10
Gross margin (ALL / kg)	90	80
Gross margin (as % of price)	36%	24%
Share of value (%)	74%	26%

Source: Our own analysis based on interviews with the value chain actors.

Individual producers in Berat region focus more on the production of high value-added products like “gliko”. The production processes are time-consuming and require substantial expertise which is usually transferred between family members. Some of the raw materials are expensive or difficult to find (for example, walnuts, rose petals and lemon flowers). Although difficult to commercialize, these products can be sold for a good profit margin (see Table 26).

Table 26: Value added for walnut “gliko”

	Producer	Retailer (same area)	Retailer in Tirana or coastal cities
Price (ALL / kg)	500	600	700
Direct costs (ALL / kg)	350–400	10	30
Gross margin (ALL / kg)	100–150	90	170
Gross margin (as % of price)	20–30%	15%	24%
Share of value (%)	71–83%	17%	29%

Source: Our own analysis based on interviews with the value chain actors.

As shown above, the retailer marketing channel is not the norm among small producers. However, when this channel is used, the share captured by the retailer is usually between 20 and 30 percent. Despite being sold to shops, bed and breakfast accommodation units and restaurants, this share of the value is usually captured by the buyers. When products are sold in shops owned by farmers or their representatives, more value is captured by the latter.

5.2.4 Business models, success stories and opportunities for women’s economic empowerment

Business models in this sector differ widely depending on the size of the company and product mix. While some companies with available capital try to widen their product mix and compete in different segments, others, especially medium-sized ones try to focus on quality, reliable buyers who appreciate the product’s characteristics and a limited product mix.

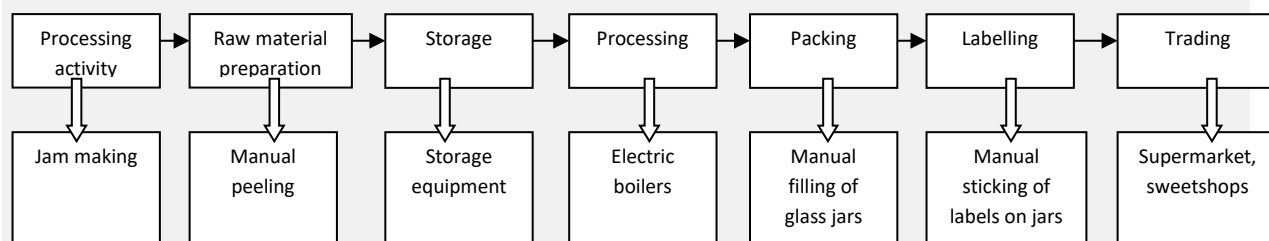
A similar situation can be observed among small producers. There are many producers who try to process and commercialize a wide variety of products, and some that focus more on one type and its sub-varieties. Usually, production of a wide product mix by small producers tends to be successful only in areas characterized by a developing tourism sector, especially in the case of short supply chains. At the same time, focused strategies appear to be more successful (for example, “trani” or “gliko” production). However, when small producers cooperate and split tasks between them (for example, production and sales) and focus on a rare gourmet or traditional food product mix (such as forest fruit or similar) they might be successful in reaching new markets (in the case of Agropuka).

Some medium-sized producers, such as Leopard Ltd., are trying mixed strategies. On the one hand, the company is investing to automate some of the processes needed to produce the most important products in terms of sales and cutting costs (see Box 4). On the other hand, the managers of the company are trying to develop some products for local pastry producers. These particular gourmet foods are in high demand but processes have to be adjusted and product development remains a challenge.

Box 4: Increasing access to markets through quality control, careful diversification and well-organized supply chains: the food processing business

Leopard Ltd. is a food processing company established in the mid-1990s in Korça city by two talented women whose motto was to make good quality products and satisfy their clients. This overwhelmingly female business is focused on jam making mainly using cherries, plums and figs. Raw materials come from Korça’s rural areas (especially cherries) and Berat district. The relationship of trust that has been established with fruit collectors has been consolidated over many years, contributing to the success of the business. Its seasonally-intensive activity

(May to September) employs around 30 women aged between 30 and 45 years. They mainly belong to the rural-urban migrant group originating in the villages around Korça city, who reside not far from the location of the company's premises. Thus, their rural family tradition in fruit processing, and proximity to their new place of residence, have made them a preferable labour force for this business. Informal networks have been used to hire the employees. In other months of the year, the work of this business is mainly focused on packing and labelling stored, processed products. However, the intensive working hours of women in this business might have welfare impacts because they have to find a balance with other household responsibilities.



The female workers have not received any formal training. On-the-job coaching is provided to them by the company owners on a regular basis. Over the years, the two female co-owners of this company have been assisted through various programmes run by donors such as USAID through its Small Business Credit and Assistance Project (SBCA) mainly in building laboratory facilities, sourcing raw materials and other outputs, equipment training, conducting market research, and obtaining and implementing bar coding (USAID, 2006). Another donor is the European Bank for Reconstruction and Development (EBRD) through the Regional Development Agency (RDA) which is currently focused on training to improve labels.

Investment in technology is considered a priority to improve the quality of the product and access new markets. New equipment worth ALL 10 million has been recently purchased to remove cherry stones. The importance of this investment is twofold:

- a) Stoneless cherries retain their shape. This will enable the company to approach sweetshops and sell their processed fruits. At the moment, sweetshops import jams. This will offer a new market for them.
- b) The new machine washes cherry stones very well and they can then be used as a natural stuffing for pillows designed to ease neck pain. There are approximately 30 percent of stones in 40 tonnes of cherries. Automating this process leads to a substantial decrease in costs (up to 20–30 percent of total labour costs) and an increase in volume since the machine has a capacity of 600 kg / hour. Furthermore, quality can increase substantially and losses are reduced (otherwise unavoidable when using labour-intensive processes).

Even though they have spent almost 20 years in the market, these businesswomen face various challenges: (a) a low level of investment for the food processing industry; (b) product promotion is important but unfair competition is a significant challenge; (c) low profit margins; (d) glass jars for packing jam are imported from Bulgaria (recycled glass jars are not used and this artificially increases the cost of their product); (e) product export is very difficult – laboratory analyses are costly (about EUR 2 500) and they do not know if this price will justify their sales; and (f) the Chamber of Commerce and Industry does not play an active role and they do not see it as a concrete partner and promoter of their work.

Moreover, they highlight an urgent need for technical assistance in using the new machine and new methods of processing in order to develop new products.



Photos 3 and 5: Jam production at Leopard Ltd. © FAO / Merita Meçe / Blendi Gerdoçi.

Source: Our own analysis using data from the interviews with the two women entrepreneurs.

The processing of some fruits using conventional methods has good potential for export. EIBA-AL Ltd. is one of the companies that exports dried figs to many European countries. This business has contributed to the creation of a good opportunity for local farmers in Roshnik and Uznova (Berat region) who are the main suppliers of this firm. A cluster of farmers led by a processor is currently being formed. Vertical coordination is strengthening and farmers are adapting their post-harvesting procedures to the requirements of the processor.

Despite this potential, production equipment is still inadequate and the lack of raw material appears to be a recurrent problem. There is a substantial need for investment in both farming (new plantations of figs, especially in Uznova area) and processing (new equipment and a larger warehouse complete with cold storage). For a detailed description of the case, see Box 5.

Another interesting example of a successful business model in traditional food production comes from the integration of farms, small-scale processing and tourist accommodation businesses, such as the case of Mrizi i Zanave. Mrizi i Zanave is a unique restaurant, located in the northwest area of Albania in the village of Fishta (Lezha region). The restaurant serves traditional dishes: lamb, roasted veal, fish, homemade goats cheese, goat cooked in milk, fig jam, wild plums, walnuts, marmalade and a high diversity of fresh, homemade, processed fruit and vegetable products originating mostly from the region and served under the standards of “slow food”. The manager uses ingredients that are mostly produced in Fishta and the surrounding forests. It is a family business, but it collaborates with 40 rural households. The restaurant also provides products such as olive oil, wine, fruit juice and vegetables from 2.5 ha of land situated nearby and owned by the family (FAO, 2013).

Box 5: Dried fig processing

Ilir Xhafkollari is an entrepreneur in Uznova (Berat region). He is one of the most well-known producers of dried figs in this region with 25 years of experience. His firm, EIBA-AL Ltd., produces 200 tonnes of dried figs per year and employs eight seasonal workers (for four months).

The most important markets targeted by this company are Balkan countries including Slovenia, Croatia, Montenegro and Serbia. Sales in the domestic market account for just ten percent of the total production. Foreign buyers (around 20 companies) have strict requirements for product quality and volumes and pay 2–2.6 EUR / kg. Prices in the domestic market are much lower (30–50 percent). The company has declined orders from other markets (Scotland in one case) because the supply of raw materials was inadequate to meet the increasing demand for this product.

The company has a supply base of 300 farmers who cultivate figs in the villages nearby. Figs are dried in the sun for some days and later delivered to the factory premises where a range of processes take place including quality control, washing, drying and packaging. The product is usually sold in bulk quantity. However, a small part of the production is sold in smaller quantities (250-gram packages). Buyers usually come to the factory premises to load the contracted quantity.

Ilir Xhafkollari appears to be satisfied with his business. He has plans for the future to increase its storage capacity and modernize his processing lines. Construction of a new factory and cold storage is his short-term objective. However, there are numerous challenges, including unfair competition from some foreign exporters that smuggle large quantities of figs, an inadequate supply of raw material, and the lack of a skilled workforce.

Ilir Xhafkollari believes that there are significant opportunities in this market and Berat region is an ideal area for fig tree cultivation. New plantations of fig trees, better training for women engaged in drying and improved equipment for this process are prerequisites for this sector's development. An enhanced understanding of pruning, plant nutrition and spraying is also needed. He is confident that the creation of a cluster with farmers living in neighbouring villages will lead to increased production, improved performance for his firm and a better income for the farmers involved.

Source: Our own analysis based on the interview with Ilir Xhafkollari.

Other business models are being developed across the country. Groups of women like the one in Permet producing “gliko” and a wide variety of jams and alcoholic beverages, clusters like Agropuka that produces dried fruits, jams and compotes, or catholic organizations in Kcira (Puke, region of Shkodra) have experienced differing degrees of success. The main challenges are related to product promotion, distribution and market development. However, the prerequisites for success are usually related to social capital, organization and investment in fixed assets such as warehouses, processing equipment and small, local shops (mainly in tourist areas). Our findings show that a good start for successful collaboration between women is their cohesion, which appears to have a synergetic effect. The case of the Polena women's group provides a good example of the importance of social capital (see Box 6).

Box 6: Social networks: a good starting place for building a sustainable and successful business for small producers

Polena is a small village of 600 inhabitants located about 8 km from Korça city. Traditionally, its inhabitants have been characterized by solidarity, a strong sense of community belonging, social cohesion and collective action. They have been united in taking decisions for the best interest of their community. These unique values have been regularly transmitted to the next generation and enriched over the years. Villagers are proud of them and keep these values alive through various social activities.

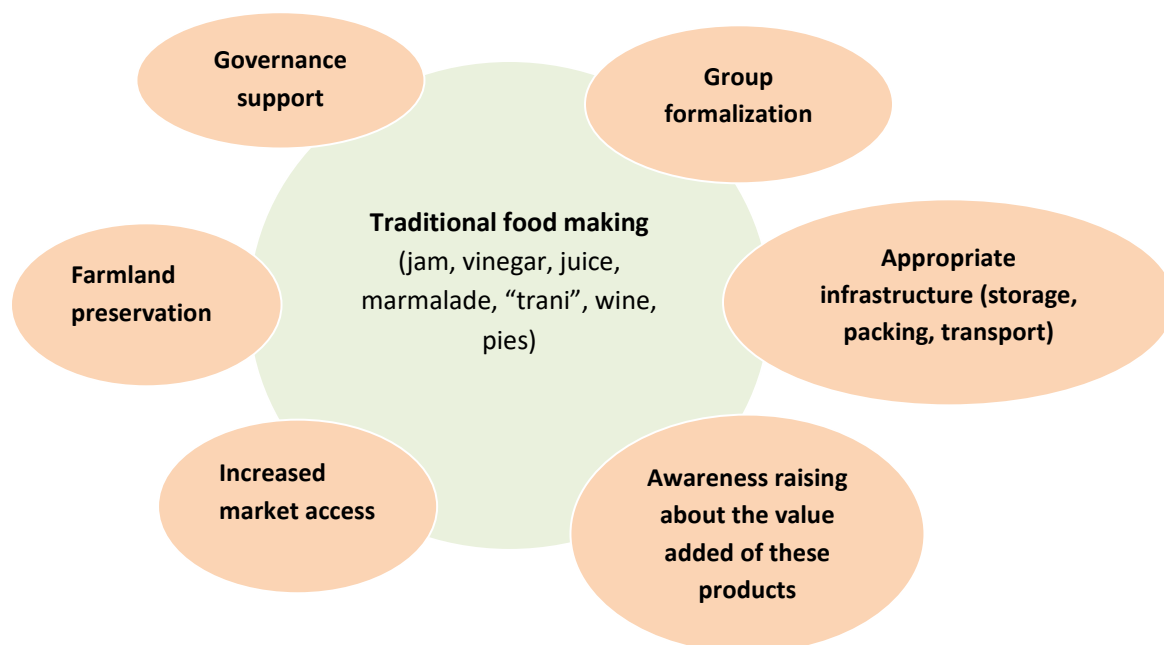
Polena's population is almost homogeneous and its inhabitants strongly respect kinship and relational ties. Currently, females outnumber males due to high levels of migration to the United States of America, Italy and Greece. On the other hand, good infrastructure and proximity to Korça city has increased the employment of boys and men in the service sector. Therefore, agricultural work is mainly dominated by women and girls who have a low level of education, while market transactions and product sales are the responsibility of men. Polena's land is of a good quality with a land supply per capita of 4 000 m². Villagers cultivate a range of vegetables, crops and fruit trees.

Even though globalization and industrialization of the agri-food industry exercises strong pressure on traditional practices of homemade food preparation, the women of Polena village are willing to maintain their tradition of food preparation and consumption. They orally transmit their knowledge to the younger generation to avoid deskilling. Traditional knowledge about food processing is embodied in the cultural values of this community and represents its cumulative wisdom. It also symbolizes the cultural meaning and historical context of this area, where collective efforts made over years have enabled the production, preparation, storage and application of these practices. The so-called "food role model" within the household has been an important factor in facilitating the desire for fresh, homemade food.

Currently, women in Polena village prepare a range of jam products (cherry, strawberry, apple, tangerine, watermelon), apple marmalade, various juices (strawberry, cornelian cherry, apple) and liquors (almond, blackberry, cornelian cherry). One family can produce 60 kg of apple vinegar per year. Women also prepare different types of puree ("trani") with milk, yogurt and spices. This food is very nutritious and healthy because it is rich in vitamins A, B1 and B2, as well as with the minerals and fibre that prevent high blood pressure. One woman can prepare 15 quintals of "trani". However, there is no formal market in which to sell it because women do not have license to produce. Moreover, they do not use specific packaging or labelling. Therefore, the prices set by rural women are lower than market prices despite the high quality of their products. They use informal channels, mainly relatives who work as shopkeepers in Korça or Tirana. One kg of puree with milk is sold for ALL 150 to the shopkeepers (who then sell it for ALL 200), while 1 kg mash with spices is sold for ALL 300 to the shopkeepers (and resold at ALL 400).

Nevertheless, Polena's women define themselves as jobless because their community does not have a clear division between domestic and productive work. Even though women spend four to five hours per day on housework (including child care) and five to six hours per day on agriculture, their contribution is not directly monetarily valued. Therefore, they are willing to produce their traditional food and sell it in the market in order to contribute to family income and promote their village's identity.

Food preparation plays a multifunctional role. On the one hand, it fulfils the need for nutrients and energy; on the other hand, it provides pleasure during its preparation and consumption. In order to achieve their goal, women need to: (a) work together using the previous premises of the cooperative in order to share their experience and interact with one another; (b) create an association which will help them with product branding; (c) establish a strong market orientation; (d) raise their management skills and improve their marketing skills; and (e) network with other organizations and associations. This requires various actions:



Source: Adapted from Carey, 2011, p.13.

5.2.5 Needs assessment for women farmers and small to medium entrepreneurs

The following analysis focuses on individual producers / women's groups and medium-sized producers since these two categories have different needs. Our analysis does not focus on large-scale industry because this category offers few opportunities for women's entrepreneurship and empowerment. These findings are summarized in Table 27 below.

Table 27: Needs assessment for value chain actors in the gourmet and traditional food sector

Sub-sector	Women entrepreneurs in cities and rural areas	Women farmers' groups and medium-sized producers
Access to markets	<ul style="list-style-type: none"> Strategy for the "right" product mix (focusing mostly on products that are not offered by the consolidated industry) Creation of clusters with restaurants and bed and breakfast accommodation units in areas with developed tourism 	<ul style="list-style-type: none"> Promotion and distribution strategies Improvement of packaging and labelling, especially for women producers' groups Information related to the best product mix Access to information about demand in coastal areas and cities

	<ul style="list-style-type: none"> • Links with organic shops or similar outlets 	<ul style="list-style-type: none"> • Product development for niche markets
Access to technologies	<ul style="list-style-type: none"> • Cheap and easy-to-use equipment needed for production and packaging 	<ul style="list-style-type: none"> • Storage and processing facilities • Cost-effective processing technologies
Access to finance	<ul style="list-style-type: none"> • Grant-based financing for equipment 	<ul style="list-style-type: none"> • Debt or grant financing to invest in storage and processing facilities
Access to skills and knowledge	<ul style="list-style-type: none"> • Knowledge about small business practices and the tax system • Sales, marketing and promotion training 	<ul style="list-style-type: none"> • Market intelligence • Cooperative management • Marketing and promotion strategies and methods • Product development coaching

Access to markets appears to be the most important challenge for gourmet and traditional food producers. In the words of one of the female interviewees, “... we need markets. We can produce however much we want but without a market it is worthless”. Depending on the type of supply chain – short or long – the needs of small producers tend to change because distribution, promotion and marketing become very important issues for the latter.

In many cases, women’s groups face different challenges at the levels of investment, production, organization and access to markets. Partial interventions (many donor-funded programmes support this category through various projects) might have temporarily beneficial effects. However, a multi-dimensional and gradual approach might be the only solution for building a profitable business. The case study in Box 7 below discusses in detail the situation of a group of women in Novosela (region of Vlora). It calls for the application of a gradual approach in order to ensure its sustainability.

Although access to markets appears to be the main problem for many women, a deeper investigation shows that there is no product mix strategy, no evidence of scalability (for example, in the case of the Novosela and Orikum groups of women), and no business plan in place (even a simple road map.) Some interventions need to be re-evaluated in light of their failure to produce results in the long term.

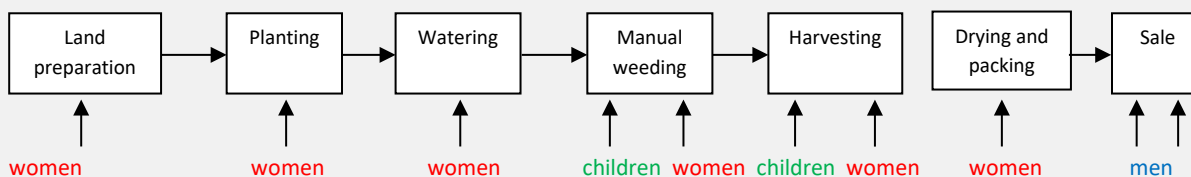
Box 7: Challenges and constraints faced by rural women's informal groups: the need for a gradual and multi-dimensional approach

Olive trees are one of the main assets of the inhabitants of the Novosela, Mifoli and Trevllazer villages located in Vlora district, and olive oil production using conventional methods became the main source of livelihoods during the years of transition to the market economy. In addition to being supplied with farm land of 1.7 dynym per capita, each family benefited from eight centenarian olive trees (the native Kalinjoti variety) during the process of olive grove privatization in 1991 and 1992. The Kalinjoti olive tree is recognized for its sweet and darkly coloured olive fruits. Over the years, villagers planted new olive seedlings and today some families have around 200 olive trees.

“Duar artat nga Novosela” is an informal women's group established in 2014 but not formally registered as a business entity. It is comprised of 20 rural women from different age groups from the Novosela, Mifoli and Trevllazer villages who are involved in producing differently sized, fragranced olive oil soaps, olive oil sauces and scented olive oil creams. The idea of creating a female-oriented group started almost two years ago when the women were trained over a period of seven months by AULEDA, a local NGO in Vlora, within the framework of a project on raising the capacities of rural women to increase their family income by diversifying the number of products made using olive oil. Each of the women was provided with a small mixer to enable product processing using conventional techniques.

Almost all of the women in the Novosela, Mifoli and Trevllazer villages do not have a permanent job, but are considered to be self-employed in agriculture. Very few of them work in the education, local government or service sectors. In general, women are perceived as being “jobless” while their contribution to housework and olive tree plantation is neglected. The new activity provided a good opportunity to switch from their perceived role as “family helper” in olive tree cultivation to olive processors in their own right. Their labour-intensive work includes various stages and raw materials come from their olive groves. In order to produce appealing fragrances for their olive oil soap bars and cosmetic creams, women use two techniques: (a) collecting wild aromatic plants with their children in the mountains surrounding their villages and processing these in conventional ways (the main wild aromatic plants they collect are chamomile, sage and oregano); and (b) cultivating aromatic plants such as lavender and rosemary in their small family plots in order to extract diverse fragrances for their products.

This activity has increased women's visibility and to a certain extent has improved their financial position within the household. For instance, last year their income from the sale of olive oil soap bars of different sizes was about ALL 20 000–25 000 (with a profit rate of 20 to 30 percent). The sale of sauces provided an income of ALL 40 000 (200 small 200 g containers each sold for ALL 200 per container).



Even though there is no competition in sauce production, rural women in this informal group face various difficulties which hinder their sustainable economic empowerment including:

- (a) They do not have a common place to meet and work together. Women work individually to produce fragranced olive oil soap bars in the premises of their home, but work together when they have to prepare olive sauce for the next fair.

- (b) No investment in new technology has been carried out so far. The women use small mixers which are time consuming because they heat up very quickly. It is difficult to begin the next process until the mixer has cooled down.
- (c) The women have not benefited from any grant schemes because they have not paid tax on land over the years which is a prerequisite for a grant application. In addition to this, their olive trees were not planted in one block as requested in the application form, instead being spread across fragmented plots.
- (d) Low access to markets negatively impacts on sales. Even though market understanding is a priority for the commercialization of this type of product, scouting for potential buyers and assessing preferences and demand for their products is not a recurrent activity. Daily production capacity for each woman can reach approximately 50 small containers of olive sauce and 100–150 fragranced olive oil soap bars, but women rarely produce these quantities.
- (e) There is a lack of expertise in product marketing and promotion. Currently, the women use social media via a Facebook account named “sapuni artizanal”. They are also supported by AULEDA and ADAAD, local NGOs, to participate in various fairs organized in Tirana, Vlora and Kosovo.
- (f) The packaging is provided by ADAAD, an organization which also supports them with labels for their products.
- (g) There is a lack of networking with other producer groups in the region. This could help the women to pool their resources, assets and competencies in order to improve their negotiating power, gain favourable contracts, conduct on-the-job training and enhance access to grants and other financial services.
- (h) Weak relations with local government has led to a lack of support and low levels of promotion. On the other hand, support provided by other local NGOs has been carried out within the framework of their projects.

Some of the needs highlighted by the representatives of this informal group were mainly focused on infrastructure investment and improved access to markets. Additionally, they need: (a) new and large mixers to allow them to process larger amounts of olive oil fruits; (b) support with a concrete action plan and pricing strategy; (c) capacity building in marketing to find sustainable ways to promote their products; (d) capacity building in networking and joint efforts to maximize access to markets; and (e) on-the-job coaching to improve the quality of their products, especially olive oil sauce.

Source: Our own analysis based on interviews with group members.

5.2.6 SWOT analysis

There are no major differences between the three target regions, especially in relation to small producers or groups of producers. However, while large-scale production of fruit and vegetables is more developed in Korça and Berat, the region of Vlora lags behind. Additionally, the producers’ groups in Korça region tend to be more organized compared with the ones found in Berat and Vlora. However, despite these differences, and given our main focus on gourmet and traditional food small-scale production, we have assessed this sector by generalizing our findings for the three regions. Table 28 provides a detailed analysis of the strengths, weaknesses, opportunities and threats within this sector.

Table 28: SWOT analysis of gourmet and traditional food production for the three regions

	Strengths	Weaknesses	Opportunities	Threats
All three regions	<ul style="list-style-type: none"> • Availability and quality of raw material • Overall competitiveness of the existing products against imported ones in the low-end market segments • Domestic processing companies have gained a stable market share • Good experience in the production of local and traditional products such as fig jam, cherry jam and gliko • Support to agro-industry as a priority in all SME development strategies 	<ul style="list-style-type: none"> • Smaller profitability for many products produced by the medium and large-sized firms • Lack of economies of scale even for large producers; lack of specialization • Too many barriers for small producers (fiscal, distribution etc.) • High competition from imported products for high-end market segments • Small retailers require supply of a full range of products, preventing specialization by small processors 	<ul style="list-style-type: none"> • Increasing interest from Albanian customers and tourists for gourmet and traditional food • Several donor-funded projects providing support for better access to markets • Availability of unexploited grant schemes in support of agro-industry • Low cost of raw material in peak production periods • Regional branding for some products • Development of rural tourism will contribute to increased market access for some traditional products 	<ul style="list-style-type: none"> • Unfavourable tax regulation for small producers • Increasing pressure from tax authorities • High costs for packaging • Infrastructure problems (collection points, etc.) • Increasing consolidation in the distribution sector will require larger production scale • Regulatory framework still incomplete • Large-scale producers are widening their product mix creating a threat for small producers

Considering recent developments in this sector, it can be argued that the main opportunity for small producers centres on rural tourism development, short supply chains and better commercialization of unique homemade products, even using longer supply chains. However, in these cases, product development (packaging, shelf life and other aspects) need to be carefully considered.

5.3 Beekeeping value chain analysis

5.3.1 Value chain actors

There are different actors operating in the beekeeping value chain: small producers (usually with 5–20 beehives), medium producers (more than 50 beehives), large producers (more than 100 beehives), big

processors and retailers. Other actors such as hive carpentry workshops, bee breeders and equipment suppliers play a significant role. However, this value chain is characterized by weak links between input suppliers, producers, processors, traders and service providers. The supply chains are very short and producers usually interact with final customers. Hence, they typically deal with quite a large number of challenges relating to production, processing and commercialization of the product.

In many areas, the majority of farmers fall under the first category – small producers. A survey conducted in the framework of a UN Women project in the area of Gjinar showed that just one farmer out of 58 interviewed had more than 25 beehives. This is the norm in many areas, especially in remote villages of Albania. Small producers can be divided into two main categories:

- (1) Individuals who consider beekeeping as a type of hobby or passion – they usually engage in this activity to produce sufficient honey for family consumption or sell it to their relatives and friends;
- (2) Small farmers who mainly produce honey for self-consumption and for sale – they sell most of their production in small jars or plastic bottles (Arzen Rexha, agronomist, interview, 2016).

However, medium and large-sized producers are more intensively engaged in this activity. They consider it to be their most important income generating activity. Hence, some of them have installed processing equipment producing semi-processed honey (honey where most of the combs have been manually removed leaving the liquid honey with few impurities). This category of beekeepers is more involved in product commercialization. They participate in fairs or other events in order to sell their produce. Sometimes, their products are sold in jars with simple labels indicating the origin and type of honey.

Large producers are rare in Albania. Morava Ltd. is the only case in our study area. This company has installed state of the art equipment and produces a wide range of products such as creamed honey (the crystals are very fine and can be spread easily like butter), comb honey (honey contained in the cells of the comb in which it is produced), refined honey (honey that has been strained to remove all foreign particles), and chunk honey (honey that has a piece of honeycomb immersed in the refined honey). These products are sold in differently packaged materials including jars and plastic containers (Gezim Skerma, interview, 2016).

5.3.2 Value chain mapping and marketing channels

Honey supply chains are generally short (producer to customer) with few exceptions. The following analysis of supply channels and relationships is based on the information collected in the regions of Korça, Berat and Vlora. Korça is the only region with more developed supply chains and level of product development due to the presence of a large company operating there. This specific case has been comprehensively analysed.

There are two main markets for beekeepers and honey producers – international markets and the domestic market comprised of groceries, supermarkets and individual customers.

There are also two marketing channels for most producers:

- Honey, propolis, wax or royal jelly are usually sold directly to customers. Customer loyalty is built gradually. The most experienced beekeepers have the largest number of customers, sometimes hundreds (Fatbardha Kapo, interview, 2016). Many customers prefer the honey sold from trusted producers, despite being packaged in used plastic bottles (Ferdie Kajo, interview, 2016). Another direct marketing channel used by producers is the “accidental” buyer. This is the direct marketing channel between small farmers and

consumers along the roadside. This channel is proportionally more important in Vlora's coastal production zones that are in close proximity to urban consumption markets and tourism routes.

- Honey is sometimes sold to small groceries that have some connections with the producer. In some cases, these groceries are located in the most important city of the region, for instance, Korça and Berat. However, there also cases of small groceries in Tirana and Durrës or in other major urban areas that are supplied by producers who come from our study areas (for example, the Dokaj family business).

There are two main marketing channels for large producers and processors such as Morava Ltd.:

- Morava Ltd. sells directly to supermarket chains using its own logistics. This strategy proves to be costly both in terms of logistics and the other costs related to shelf space and so on (the company pays the supermarket chains to obtain shelf space). In Kosovo, the firm sells directly to distribution companies that employ specialized employees to promote and display their products in local supermarkets.
- Honey produced by Morava Ltd. is sold to international agents or traders who are responsible for the commercialization of all products. The profit margins seem to be very high although no data were provided by the owner to the research team (Gezim Skerma, interview, 2016).

5.3.3 Value added and opportunities for diversification

The following analysis focuses more on small producers, mainly family businesses that constitute the main target group of this research.

There is evidence of differences in the price of honey in the northern part of the country compared with the southern regions due to a larger supply of the product in the latter regions. Sometimes, the difference amounts to 300 ALL per kg. Differences also vary by type of honey. For example, chestnut honey is in high demand and its price is relatively higher than the price of other types of honey (it is reputed to have therapeutic effects for liver diseases, for example).

In cases where honey is sold to small retailers, wholesale prices are slightly lower. Sometimes, the quality is questionable. Table 29 below shows the gross margins and the share of value for a beekeeper and retailer. It is clear that most of the value added is retained by the beekeeper. However, this is not the case for large retail chains or "big box" retailers. In these cases, profit margins are double or triple, according to some estimates.

Table 29: Value added for honey

	Beekeeper	Retailer (grocery)
Price (ALL / kg)	1 200–1400	1 400–1 600
Direct costs (ALL / kg)	400–500	N/A
Gross margin (ALL / kg)	800–900	200–300
Gross margin (as % of price)	64–67%	14–19%
Share of value (%)	Around 90%	Around 10%

Source: Our own analysis based on interviews with the value chain actors.

On the other hand, profits for one beehive appear to be excellent (see Table 30). Variable costs have been calculated on the basis of production of 12.5 kg per beehive. Profit margins are very high. The estimates listed in this table consider the use of all inputs needed. In many cases, the cost does not exceed ALL 2 000 per beehive (Enver Gorica, interview, 2016). However, we adopted a conservative approach on costs.

Table 30: Total costs for a beehive

Total costs		Amount in ALL
Fixed costs		550
Variable costs	Medicine	800
	American pesto	300
	Comb foundation sheets	1 000
	Feed	1 200
	Transport	1 500
	Labour costs	600
Total variable costs		5 400
Total		5 900

Source: Our own calculation based on interview data.

Large processors such as Morava Ltd. represent an exception. Its business model is completely different because of the marketing channels it has built.

Small producers tend to produce honey only. Since beekeeping is not their main activity, they also tend to focus on honey production because royal jelly and propolis require more expertise and their commercialization is more difficult compared with that of honey. Existing Albanian beekeeping practices require minimal financial inputs, while additional investments and training on innovative methods on how to capture more value through the production of high value-added products such as propolis could hinder their ability to increase profits (see Box 8 below).

Large processors have a different business model. They have high volumes of products, therefore, they need to use longer supply chains to distribute them. Supermarkets, groceries and other retailers require a much higher standard of packaging and labelling. Product mix is fairly wide with a range of varieties. Moreover, quality control and higher standards in processing are prerequisites for export. Hence, businesses such as Morava Ltd. require investments in the range of millions of euros.

Box 7: Dokaj honey: a family run business

Arjana and Shaban Dokaj run a family business in Berat region. They are reputable beekeepers with lengthy experience in this business. Her husband has been a certified beekeeper since 1984. They produce royal jelly, propolis, wax and honey. They own 80–100 hives and produce approximately 5 kg of royal jelly and 4 000 kg of honey annually.

They sell their products to individual customers in Tirana, Berat, Kruja and other cities and their business is doing quite well. They sell honey for 1 500 ALL / kg and royal jelly for 600 ALL / g. Arjana Dokaj said that, “there is not enough production”. Her husband attributed this situation to the reduced flora in some areas. On the other hand, this is a business that needs some expertise and not everybody is qualified to perform all of the tasks and hard work required.

The couple sells to individual customers (more than 100 clients) and less frequently to small groceries. Although they are selling all of their produce, they complained about the “hard work needed to do this”. Other marketing

In general, we can argue that the share of value for the beekeeper differs depending on the type of honey that is produced. However, it usually remains high, at around 90 percent.

5.3.4 Business models, success stories and opportunities for women’s economic empowerment

There are different business models adopted by beekeepers depending on (1) their experience, (2) their business size and (3) the time dedicated to this activity.

channels and better packaging would be helpful in reducing the number of working days spent on product sales. However, their most important need is new hives to increase production. Investment in new 50 hives is expensive (more than EUR 1 000).

Shaban Dokaj claimed that this was a “tough” business for women. However, after years of working together with his wife, she is now able to handle every process despite the complex work needed to produce propolis or wax. Training is fundamental to succeeding in this business.

Source: Our own analysis based on the interview with the Dokaj family.

Despite the variety of business models adopted by different value chain actors, there are clear opportunities for (1) an extensive approach – increasing production capacities for many small family businesses and (2) improvement of the product mix for experienced producers by enhancing the commercialization of high value-added products such as propolis, wax and their sub-products.

5.3.5 Needs assessment for women farmers and entrepreneurs

The following analysis focuses on family-owned businesses. The potential for women’s involvement within the family business in this value chain is quite high considering the growing number of farmers in remote areas engaged in beekeeping. Large-scale production requires substantial financial resources. Therefore, we mainly focus on small and medium producers only. Table 31 provides an overview of the needs of women farmers and family businesses.

Table 31: Needs assessment of value chain actors in the beekeeping sector

Sub-sector – Beekeeping	Women farmers and family producers
Access to markets	<ul style="list-style-type: none"> • Packaging material, labelling and promotion • Linkages with local groceries or other small shops • Geographical indication (GI) can be used to create regional brands
Access to technologies	<ul style="list-style-type: none"> • Centrifugal extractors, smokers and other tools needed for processing and harvesting
Access to finance	<ul style="list-style-type: none"> • Increasing the number of beehives • Increasing value chain financing through better coordination between large processors and honey producers
Access to skills and knowledge	<ul style="list-style-type: none"> • Training on pest and disease control • Training on marketing techniques • Training on how to create value-added products from hive materials

The needs of family businesses tend to differ depending on the market opportunities in the area they are located, the size of their business and their experience in the sector. For example, areas with a developed tourism sector might create new opportunities for well-packaged, locally sold products. In other areas like Korça where a large processor is located, improved vertical coordination can be beneficial to both producers and processors. Larger and experienced producers can diversify production by focusing on high value-added products.

5.3.6 SWOT analysis

Although honey production is more developed in Korça and Vlora regions (especially the areas of Saranda and Lumi i Vlores) the sector appears to show the same characteristics across the three regions. The following table provides an overview of the apiculture sector in the three target regions, Berat, Korça and Vlora.

Table 32: SWOT analysis of apiculture by region

	Strengths	Weaknesses	Opportunities	Threats
All three regions	<ul style="list-style-type: none"> Increasing number of beekeepers in all three study areas Good climatic conditions and abundant resources in the three regions for bee forage Experienced large processor in Korça region Extensive experience of many beekeepers – indigenous knowledge Improved profitability of the activity Presence of beekeeper organizations as mechanisms of knowledge transfer 	<ul style="list-style-type: none"> Focus on other higher value-added crops Insufficient knowledge about other hive products Low efficiency of some processes Lack of quality control of hive products High fragmentation of production Lack of collaboration between beekeepers Low quality of inputs provided by local input suppliers 	<ul style="list-style-type: none"> Potential for other bee products of economic importance such as pollen, propolis, royal jelly, beeswax and swarms Renewed attention from relevant government agencies The country is certified to export in the USA and EU and demand from these markets is increasing rapidly Strong domestic demand Increased product presence in “big box” retailers if properly packaged and labelled GI certification 	<ul style="list-style-type: none"> Potential contamination of many areas from intensive farming Increasing pressure from tax authorities Increasing risk of pests and diseases since many hives have been affected Poor quality and mixing the product with industrial honey may ruin the reputation of entire areas (cases in Vlora region)

It appears quite clear that there are interesting opportunities for market development and diversification. Small producers can increase their production capacity, while larger producers can diversify it, adding new, high value-added products to their product mix.

5.4 Other sectors and business models that offer opportunities for diversification

The three selected value chains have good potential for women’s empowerment because there are quite a large number of business models than can be adopted by women entrepreneurs and women’s groups. However, specific business models in other sectors also offer good opportunities for diversification in general and women’s empowerment in particular. Trout cultivation, pomegranate cultivation, and the transformation of local houses into tourist accommodation facilities are a few such opportunities. Some of the diversification activities are closely related to rural and farm tourism. Our findings show that wherever tourism is developed, other diversification activities are possible.

5.4.1 Trout cultivation: relevance of the sector and different business models adopted by local entrepreneurs

Nutritional advantages of trout consumption

Usually, many Albanian citizens, and especially poorer and more vulnerable people who live in rural areas, have low levels of information about the nutritious qualities of trout. They are unaware of the possibilities that exist to improve their nutritional status. Good health matters for individuals and also for the wellbeing of their children and their household. In Albania, trout is widely considered to be a “quasi-luxury” food. Hence, fish in general, and trout in particular, are not frequently part of the diet. Trout is widely considered to be a restaurant food.

From a nutritional perspective, trout is defined as an oil-rich fish because it contains 5 to 20 percent fat (SACN, 2004) even though its total fat content is lower than that of other fishes (McKenzie & Wyness, 2013). Thus, trout consumption has the potential to narrow the “nutrition gap” through a healthy diet which is nutritionally rich and has sufficient sources of protein. Research has shown that its consumption is beneficial for all generations including women, men, children and older people (Hallund et al, 2010; Prentice, 2008; Ruxton, 2011; Ryan, 2011). Trout is rich in various vitamins and minerals, including vitamins B1, B6, B3, B12 and D, as well as potassium, selenium and phosphorus. Trout consumption during pregnancy helps the development of the baby’s brain because it meets its need for Docosahexaenoic Acid (DHA). In addition, dietary protein during pregnancy and early childhood reduces the chances of asthma and hay fever (McKenzie & Wyness, 2013).

Many people have low levels of vitamin D, therefore the consumption of farmed trout is useful in providing energy and supporting the growth of body tissues. Moreover, a diet which includes oil-rich trout has good health outcomes because it reduces the risk of cardiac death and prevents coronary heart disease, stroke, obesity and overweight. In the case of elderly people, trout consumption might slow down the rate of cognitive decline in later life (McKenzie & Wyness, 2013). Statistics on the nutrient content of trout per 100 g are depicted in Table 33.

Table 33: Trout nutrients and vitamins

Macronutrients			Vitamins								
Energy (kcal / kJ)	Protein (g)	Fat (g)	A (µg)	D (µg)	E	B1	B2	B3	B6	B12 (µg)	Fol (µg)
123 / 534	19.9	5.3	25	7.89	0.44	0.16	0.12	7.3	0.31	2.84	9

Source: McKenzie & Wyness, 2013.

Studies confirm that trout plays an important role in everybody’s diet. It can be argued that trout cultivation should be considered both from a nutritional and an economic perspective. Hence, raising awareness among consumers is important for both improving nutrition and increasing the potential for sector development.

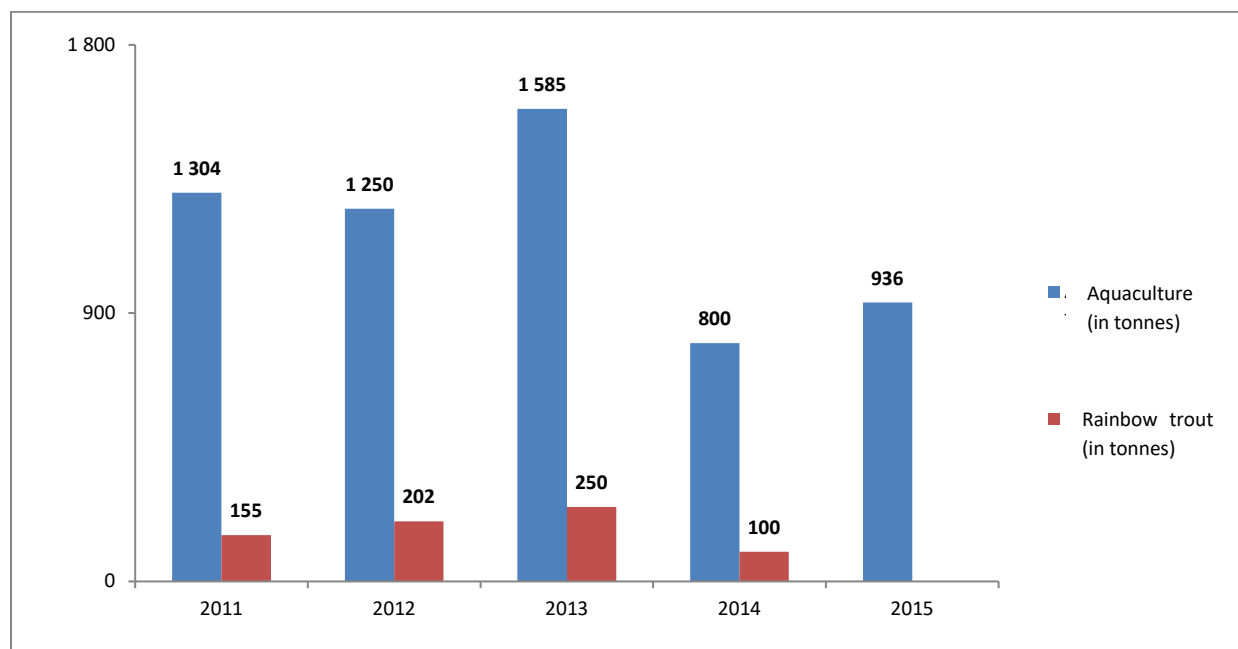
Alarming trends in aquaculture and trout cultivation

Currently, Albania’s aquaculture production is very low – about 670 tonnes – which represents only 0.38 percent of total European production (Jimenez, 2015). Even though Albanian waters are available for the development of aquaculture, its productivity is far below its potential for three main reasons: (a) high financial costs due to loans taken mainly to buy imported cages, fingerlings and feed; (b) low visibility of this sub-sector due to the lack of a formal fish market and the reluctance of local people to consume farmed fish because of

issues related to its safety and quality; (c) contradictory regulations and a lack of instruments to select the site and carrying capacity in order to achieve sustainable aquaculture (Jimenez, 2015).

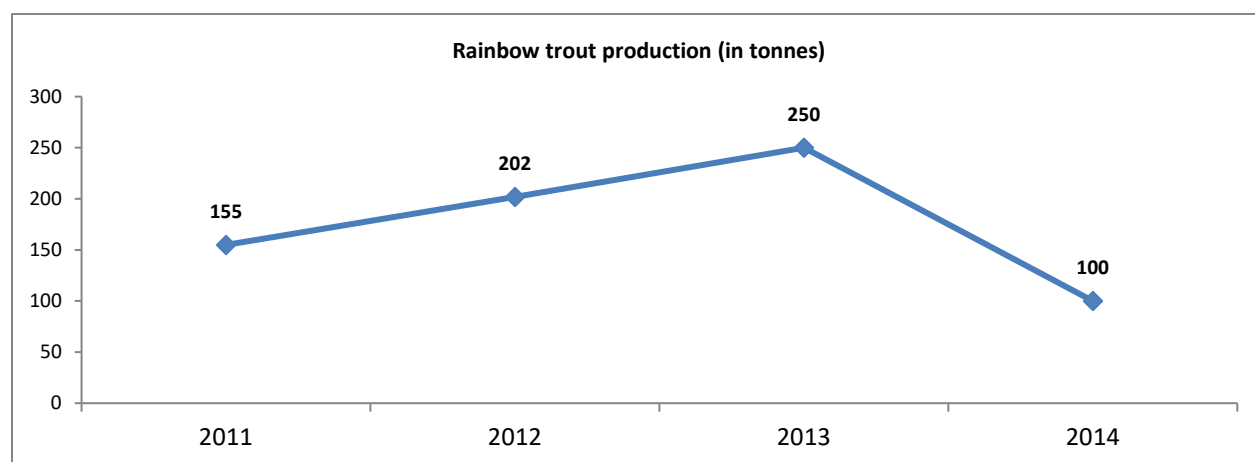
However, there is a discrepancy between its performance and its real potential. The aquaculture sub-sector has stagnated in recent years. Its growth is very slow, even though local demand for its products is about 30 percent (Çobaj, 2013). While aquaculture in general is having some difficult years, trout production is declining at a faster pace (see Figures 19 and 20).

Figure 19: Production of aquaculture and trout (in tonnes) in Albania (2011–2015)



Sources: FAO, 2014; INSTAT, 2016b.

Figure 20: Rainbow trout production (in tonnes) in Albania (2011–2014)



Source: FAO, 2014.

Exports are constrained by gaps in food safety standards and certification. Limited access to finance and a lack of support by subsidy schemes has hampered the development of this sub-sector. Investments mainly in fish storage and trade capacities are necessary for its growth (EUNETMAR, 2014).

Trout cultivation versus integrating trout cultivation into farm and rural tourism

From a business perspective, start-ups and even medium-sized producers in trout cultivation are facing substantial challenges. Although profits are not very low, the systemic and non-systemic risks are high, due to many factors related to the nature of the business, hydro-geological risks, a lack of reliable supply chains and so on.

The value captured by an entrepreneur engaged in trout cultivation appears to be relatively small considering the amount of investment and risk taken. The costs are very high since 1 kg of feed costs ALL 200 (calculation based on one producer where 150–160 kg of feed is needed to produce 120–130 kg of trout). Additionally, considering actual prices there are not enough margins to increase profits at producer level since the value capture for other actors in the supply chain is low (see Table 34).

Table 34: Value added for trout

	Producer	Wholesaler	Retailer
Price (ALL / kg)	430	480–500	550–600
Direct costs (ALL / kg)	320	10–20	10–20
Gross margin (ALL / kg)	110	40–50	60–70
Gross margin (as % of price)	25%	8–10%	11–12%
Share of value (%)	72–78%	9–12%	10–19%

Source: Our own analysis based on interviews with the value chain actors.

On the other hand, wholesalers such as those located in Pogradec try to increase their profits by trading large volumes. Some of them have organized their own supply chains selling their products in nearby restaurants and shops or in the specialist fish shops in the capital. Depending on the inventory turnover, their costs are not high, while small shops and other retailers in southern regions can capture more value. In other areas, especially in Tirana, prices can be much higher depending on proximity to the city centre. In restaurants, 1 kg of trout is sold at between ALL 2 000 and ALL 3 000.

A trout cultivator in Skrapar (region of Berat) provided further insights on the challenges faced by trout cultivators (see Box 9) relating to both access to markets and business risks.

Box 8: Aquaculture: a challenging business for start ups

Irakli Vaso returned from Greece where he had emigrated in the early 1990s with the motivation to use the know-how he had acquired as an employee in a trout cultivation farm. Two years ago, he invested in Bogove, a village on the road to Çorovoda, Skrapar area (Berat region). His choice was well-considered since the quantity of the water in the Vjosa river was more than enough for the farm capacity he intended to invest in. He was assisted by a Greek specialist who advised him on the location to choose. He has invested more than ALL 4 million in this business. This farm has five concrete tanks, four of which are used for fish production and one for rearing small fish.

He sells his produce to one main market segment – Pogradec wholesalers that operate their own tanks and sell to the local restaurants in Korça and Pogradec. Trout is transported live in a tanker installed on a pick-up. The remaining fish (around 20 percent) are sold to some small fish shops in Berat and other cities. Irakli Vaso argued that the main markets of Tirana and Durrës were very difficult to target because shops were already supplied by his competitors who have long experience in the market.

The profits are not what he expected. The high prices for the imported feed and the competition have squeezed profits. The gross margins are 110 ALL / kg and transportation costs add up since the main market is quite far away. But, the main problem is the risk of this business. Two floods have damaged the infrastructure of the farm and taken away part of the produce. The damages amount to EUR 20 000. Local authorities and other governmental agencies have not provided any support to this business so far.

At the same time, access to markets appears to be difficult and supply chains are not very efficient. There are some fish shops in the main cities. Another potential market segment is constituted by restaurants spread across the country. Hence, reaching out to all these players is costly and time-consuming. Additionally, the economic crisis and low purchasing power does not help – customers are more reluctant to spend on “luxury food”.

Irakli Vaso is reconsidering his decision to invest in this business – “reinventing” his business or selling the activity. Investment requires increasing production capacity, protecting his investment and reorganizing production, which in turn requires large amounts of money. Return on investment is not good and he is convinced that expensive loans are not the best solution. He has never received a grant or any other type of support from donor or government agencies.

Source: Our own analysis based on the interview with Irakli Vaso.

In contrast to the situation of an entrepreneur engaged solely in trout cultivation, integrating this activity with tourism appears to produce much better results. The profit margins of these business models exceed 30 percent. Initial sales to tourists and visitors as a way of diversifying income generation and marketing channels turned out to be, after some years, the best solution for the Hida family in Gërmenj, near Leskovik (see Box 10).

Box 9: An aquaculture business turned into a tourist resort

Sotira Farm is a family business owned by the Hida family. It started as a trout cultivation business but evolved into one of the most attractive agro-tourism businesses in the south-eastern part of the country. In the early days of activity, the Hida family focused on trout cultivation only. The representative of the family said that, “the profits were more than 30 percent. Today, competition and rising transportation and feeding costs are becoming a big problem. It is not a very good business anymore”. However, the family continues to cultivate trout but only for the restaurant. The family considers trout tanks as an attraction and trout itself as one of the best dishes that it can offer. Trout cultivation is still important but “for different reasons”.

Today, the family owns around 120 cows, more than 50 sheep and produces 3–4 tonnes of wine, 1 tonne of raki and around 3 tonnes of trout. It produces a wide variety of jams, compotes and other traditional products. The family has invested in accommodation capacity (around 30 people can be accommodated in the bungalows constructed nearby the traditional restaurant), and has also rebuilt part of the restaurant and purchased some nearby farms.

Although the business operates all year round, the most intensive activity is concentrated in the five months (around 150 days) from May to September, when a high number of tourists arrive. Last year, more than 5 000 tourists visited this farm. The tourism offer is wide and includes horse riding, hiking in the nearby mountains, fishing, biking and also participation in all farming activities such as milking cows and feeding trout, or working with the local staff in other activities.

The Hida family dedicates part of the success to promotion by Pettit Fute and Lonely Planet. The representative of the family said, “It was by chance that I was promoted in the tourism guide of Pettit Fute. They liked the place and services and promoted it. French and German tourists started pouring in.”

Sotira Farm employs 6–7 people during the five months of peak demand. During the winter season, it operates mostly during weekends. The family representative said, “Today, tourism and farming are my whole life”. He has plans to expand the business. However, he complained about the lack of specialist and motivated staff. Human resources appeared to be his main concern about the future expansion of his family business.

Source: Our own analysis based on the interview with the representative of the Hida family.

As the case study suggests, this family business has evolved over the last 15 years. Trout production has declined. Despite having nine tanks for trout cultivation, yields are smaller compared with other semi-intensive trout cultivation farms. However, the case study demonstrates the potential for a different approach to trout cultivation – a starting point, yet still an important part of an agro-tourism farm. The owner is satisfied with his new way of engaging in trout cultivation. In his own words: “It costs me less to cultivate it and profits are much higher since I sell it cooked. Profit margins are much better”.



Photos 4 and 7: Trout cultivation at Sotira Farm. © FAO / Merita Meçe / Blendi Gerdoçi.

5.4.2 Pomegranate cultivation

Another potential opportunity for farm diversification is the cultivation of pomegranate trees (see Box 11).

In areas like Vlora, where there is a considerable influx of tourism, cultivation might motivate local processors to produce pomegranate juice and sell it to restaurants, hotels and other tourist accommodation facilities. Similar initiatives have been successful in some other areas (for example, Shkoder) where particular restaurants (such as Tradita) have been highly successful in commercializing this product.

Pomegranate cultivation represents an important opportunity for cultivation in general. This species is found growing spontaneously in many areas of Albania. Until a few years ago, Albania did not have regular pomegranate orchards, but several large orchards have since been planted, mainly with production contracted for export (for example, some of the farms in Shkoder). New plantations have also been found in our study areas, especially in Berat. Considering the high demand for pomegranates in the international market, investment in pomegranate production at all levels of the chain is low risk (GIZ, 2014).

In terms of varieties, Albania has some good genotypes such as Tivaresha, Majhoshe, Baçallek and Devedishe. International cultivars like “Wonderful” or some of the internationally acclaimed Turkish cultivars (such as “Hicaznar” and “Esinnar”) need to be considered: their yields are high, they are more pest-resistant, and products can easily be stored for longer periods (GIZ, 2014).

In light of the recent increase in demand for pomegranates and price increase, there are initiatives to store the fruit or process it into juice. Because pomegranate is required across nearly the whole year, storage is necessary for supplying domestic markets. The role of consolidators and fruit and vegetable exporters is crucial to the sub-sector’s development since they constitute the most important link in the pomegranate value chain. However, processing is another possibility. For example, Damacia, a company established in Puke, is currently processing six tonnes of pomegranates per year using old equipment and machinery (GIZ, 2014). Interviews with farmers in Dukat region and a local wine producer show that there is great interest in the cultivation and processing of this fruit. Cultivation has already started but plans to process it are still in progress.

5.4.3 Rural tourism and agro-tourism: diversification *per se* and the acceleration of diversification

Tradition, experience and access to resources are some of the most important factors for the success of a variety of value-added products, especially gourmet and traditional foods, produced on a small scale in rural or semi-rural areas. However, a common feature of the ability to commercialize these products is often a thriving tourism sector in the area, or at least in nearby areas. Rural tourism appears to integrate the use of local resources, revitalizing the social and economic fabric of rural communities. Many small businesses are supported by this sector. In Berat and Korça, new bed and breakfast accommodation units are opening each year and local producers (for example, one producer of “gliko” in Berat) sell their produce to tourists and visitors. Similar cases can be found in Dardha, Voskopoja, and Skrapar. Accommodation facilities in Korça are at times supplied by local producers. Additionally, agro-tourism is an integrated activity in the farm and motivates rural people to keep up their traditional farming work and meet the demand of visitors (for example, Sotira Farm). Success stories such as the one described above about trout cultivation are a good example of the potentially beneficial effect of rural tourism and agro-tourism for income diversification.

The potential for rural tourism development is available in many areas of the country including our study areas, but it remains underexploited. The limited offer of rural tourism and agro-tourism products is mostly connected to a specific place (for example, a village or a natural reserve), related to a single activity or event (a hiking itinerary or a celebration) or to a specific service supplier (for example, a hotel or bed and breakfast accommodation unit). Therefore, the appeal of these products is limited because they are not connected with other services, products or locations in the territory and because they are rather rigid and difficult to customize. These service providers do not integrate their offer into a real tourism product linked to a territory. There are, however, a few exceptions that are worth mentioning. Sotira Farm tries to promote local products and the territory itself. Mrizi i Zanave in Lezha region is another good example of a bed and breakfast accommodation unit and restaurant that serves as the main buyer of local produce. However, many of these efforts are isolated, fragmented and irregular.

Interventions to improve and connect the existing individual offers of services (accommodation, restoration, leisure services) and local products (handicraft and food products) in order to offer more options to potential tourists can have a significant and synergetic impact on all private actors and communities in general. Additionally, applying a territorial marketing approach that can support: (1) the cohesion and networking of local stakeholders; (2) attracting consumers (primarily tourists) into the territory; and (3) projection, that is, the sales of local goods and services in a target market, can be translated into increased sales and diversification.

The development of tourism and local products should be considered an essential part of integrated rural development programmes: in EU countries, this could be defined as the tourism component of the “LEADER approach”⁹ – a bottom-up strategy that focuses on the involvement of local communities. From the perspective of access to finance, this component in combination with farm diversification measures can support the development of all diversification initiatives, including agro-tourism.

⁹ The LEADER (“Links between actions of rural development”) approach is based on the involvement of local actors in integrated rural development actions and on the creation of a development vision shared by the stakeholders. The European Commission started to fund the LEADER programme in 1991.

From a project design perspective, FAO efforts to promote some value chains such as gourmet and traditional food production, and to a lesser extent trout cultivation, should focus by and large on areas where it is possible to develop sustainable tourism products based on local identities and traditions. It requires a solid sense of community and a widely accepted and coherent image of a territory (or of a tourist route through that territory), thus making it possible to improve access to markets and, on occasion, to create a territorial brand. However, push marketing strategies are also possible (for example, the promotion of tourism and local products) in those areas that have potential. Additionally, promoting and supporting more complex business models that are able to cope with longer supply chains is another alternative. Nevertheless, the binomial approach – promoting traditional, local products in areas with a developing rural tourism sector or even vice-versa – appears to be a more cost-effective way to succeed in developing successful business models since it requires less resources and mitigates risks.

6. Business environment

6.1 External environment factors and competition

6.1.1 External environment factors

In general, the literature suggests that both internal factors (the characteristics of the business, or the characteristics of the entrepreneur, for example) and external ones (government support, access to finance or quality of the supply chain) affect business performance. Cognitive abilities, level of education, risk taking initiative, formal code of conduct and culturally constructed norms also inevitably impact on entrepreneurs' success (De Mel, McKenzie & Woodruff, 2010; Schiebold, 2011). However, external factors highly influence the pace of business development. Our study shows that value chain actors were exposed to various external risks that shaped their decisions in one way or another. Rapid depopulation and ageing of rural areas, a lack of qualified human resources, weak physical infrastructure (lack of water and roads), segmented non-physical infrastructure (market structure), exposure to national hazards, a lack of support from local government and low access to finance have created a range of difficulties for local firms, entrepreneurs and producers to overcome and successfully adjust to market conditions.

Our analysis has also identified the impact of external factors on the business performance of firms in the three value chains we investigated. The overall economic situation and related purchasing power of consumers, and competition in the market are ranked as the most important factors that affect business performance, profits and long-term sustainability. Policies that aim to develop VCs through subsidies and grants are welcomed by all of the business actors that we interviewed, even though there is substantial scepticism about their concrete effects in general. On the other hand, the lack of law enforcement is seen as the main obstacle to tackling problems related to food safety and unfair competition.

The recent economic crisis has negatively affected businesses across the value chains with few exceptions. Enterprises that produce products for the domestic market such as fruit and vegetable processors or trout cultivators argued that overall demand was weakening (Diana Naum, interview, 2016). Customers seem to have become both more demanding in terms of quality and more price-sensitive. However, honey producers who sell to domestic customers do not perceive a decreasing trend in demand, despite the assertion of lower purchasing power.

Firms in the MAPs sector are more affected by price volatility in the international markets and related market shocks for specific MAPs (for example, sage). These phenomena have negatively affected farmers and consolidators. Moreover, in our study areas there has been a tendency towards decline in wild-grown MAPs collection that is affecting both consolidators and exporters (Manush Kondaj, Gjergj Cibuku, Armando Truja, interviews, 2016).

Despite some positive changes in legislation, there is almost a *status quo* situation regarding land rights, at least in most areas of the three regions investigated. Challenges for policymakers remain almost the same as a decade ago – to enforce land rights and re-establish a functional land policy framework in order to support a more dynamic land market and provide favourable conditions for agricultural development. The existing legislative framework, based on law 7501, seems to have created more problems regarding land ownership and registration of non-distributed land (forcefully taken or based on customary laws) in various areas of Albania. Land

fragmentation continues to be a crucial hindrance to agricultural development (for example, in Dushnik, region of Berat, there are cases where one hectare of land has been divided into eight to ten plots). This situation creates strong impediments to any significant investments both in farming and processing. Farmers and agro-processors willing to invest or apply for grant schemes see their efforts undermined since they cannot provide legal proof of land ownership.

The tax system has changed recently. VAT is a hot topic of discussion among entrepreneurs and farmers. Law no.7928/95 “on Value Added Tax” was amended recognizing the need for agro-processors to benefit from VAT reimbursement on the basis of receipts provided by their suppliers (before the amendments, VAT was levied on processed products only, not the primary agricultural products from the farms). Some large-scale players have benefited (such as MAPs exporters). But, in general, it appears that this type of development in the tax system has not improved the exchange transactions between farmers, intermediaries and processors. On the other hand, small processors, who are mostly informal, sell without VAT receipts. This situation creates many problems for some processors who are unable to ask for VAT refunds. Furthermore, small producers such as women’s groups located in urban or semi-urban areas find it difficult to register as small businesses because their turnover and profit margins are very small, while municipality taxes are very high. In some cases, small entrepreneurs (for example, a producer of traditional food) have stopped or substantially reduced their activity. Local fairs appear to be the only way to access the market without the tax office asking for registration as a small business. Farmers’ groups have not fully benefited from the law on cooperatives (Shoqerite e Bashkepunimit Bujqesor). A lack of financial literacy and organizational capability, along with reluctance to deal with the necessary paperwork have resulted in some problems with tax offices and some of these new entities have been heavily fined (Ervis Mengjezi, interview, 2016).

Government bodies have been weak in enforcing safety and quality regulations, negatively affecting mainly large-scale enterprises. Lack of control over informal and unregistered businesses and control on a preferential basis undermines fair competition. Many small processors are not able to fulfil all of the food safety requirements.

The adoption of new, modern or innovative technology is arguably one of the most important factors for business development for most of the interviewed value chain actors. Investment in new innovative technology is manifest in all three value chains, at processing level and to a certain extent at farming level. Although there is evidence of new technologies adopted, supply chain integration remains weak since investment in warehousing and raw material production are not well-harmonized along the chain. At small producer level, there is a lack of investment in flexible and low-capacity technologies. Most producers use home appliances or old equipment to produce or process raw materials.

6.1.2 Competition

Interviewed business representatives and entrepreneurs at processing level in the MAPs and traditional food production value chains argue that competition is increasing.

Fruit and vegetables, olive oil and some other sub-sectors are becoming highly competitive. Competition creates strong pressure on prices in order to maintain the current market share and according to business representatives has considerably shrunk their profits (Diana Naum, interview, 2016). Small-scale producers face strong competition, especially when their product mix is similar to that produced by large-scale

processors. Many lower their prices and try to build short marketing channels in order to survive. However, in some cases, processed products considered “rare” can be easily sold.

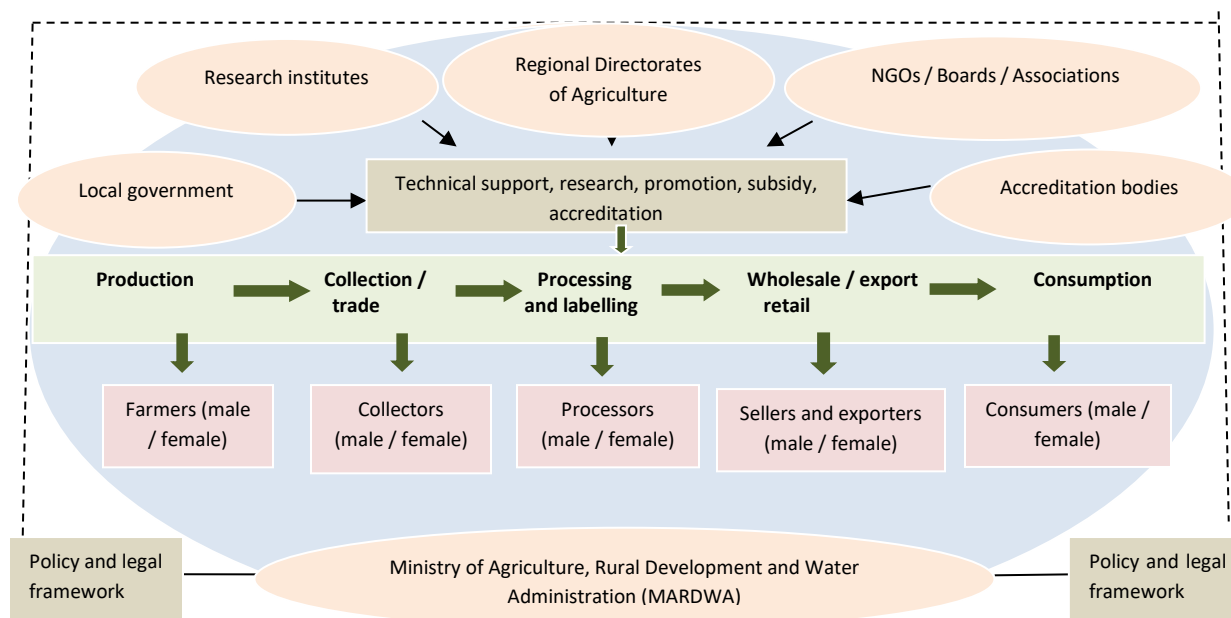
The structure of the industry is essential in determining competition forces. The MAPs sector is comprised of a few large exporters and two dozen smaller ones coordinating a large network of consolidators. The tough competition between the increasing number of exporters and their intermediaries has proved detrimental for the sector’s development and especially for profit margins. A price war is currently underway between the big players.

On the other hand, honey producers do not perceive that there are high levels of competition. It appears that there is still enough demand in the domestic market and locally-produced honey is highly appreciated. Consumer behaviour, increasing demand both in the domestic and foreign markets, represent a favourable condition for the sector’s further expansion.

6.2 Stakeholder analysis

Stakeholder is a term used to identify actors who are involved or have a stake in a system (Lelea *et al.*, 2014). Having different levels of interest or involvement in a certain value chain, they are grouped in various ways relating to their concerns about decision making, level of collaboration / support, work and share of the benefits (Gerster-Bentaya, 2015). Depending on power, social differences, relations and resources, stakeholders are divided into primary and secondary stakeholders. *Primary or direct stakeholders* are those who are directly involved in the value chain from production to consumption, for instance, producers, collectors, processors or consumers. *Secondary or indirect stakeholders* in a value chain are those who can influence it either through setting the rules / designing policies or controlling access to markets (Zimmerman & Maennling, 2007). However, stakeholder analysis is an iterative process because there are individuals who might fit into multiple categories, for instance, being a food processor and a trader at the same time (Lelea *et al.*, 2014). The onion diagram provided below (Figure 21) illustrates stakeholders’ relationships in a value chain, where in the middle, there is a direct link between primary stakeholders and their roles / responsibilities in the value chain.

Figure 21: Stakeholder analysis: an onion diagram



The role of secondary or indirect stakeholders varies according to their nature and responsibility.

The **Ministry of Agriculture, Rural Development and Water Administration** (MARDWA) is responsible for the creation of an enabling environment for the sustainable development of agriculture, fisheries and food security by setting up a legal framework, standards, strategies and regulations that enforce the law along the value chains of agricultural products, livestock and fisheries.

Regional Directorates of Agriculture established in each prefecture ensure the implementation of the government programme on agriculture. They are responsible for providing technical support to farmers, informing them about farm technologies, guaranteeing consumer protection and supporting agri-industry.

Research institutes such as the **Centres for Agricultural Technology Transfer** are responsible for a range of tasks including the training of agricultural experts and farmers, identification and testing of new, innovative methods in agriculture, demonstration of new technologies for the cultivation of new plants and new livestock breeding, delivery of technical expertise for farmers and counselling services structures.

The **Agency for Agricultural and Rural Development** is responsible for administering state funds for rural development and providing support for the development of the infrastructure of agricultural markets.

Accreditation bodies such as the **General Directorate of Accreditation** is responsible for assessing and accrediting products and personnel in assessment bodies mainly relating to testing, calibration and certification of management systems and products.

Local government units are responsible for establishing local markets to sell agricultural and other products, ensuring that sanitary conditions are duly met.

Various **local and international NGOs** responsible for capacity building, awareness raising and women's mobilization are active in the target regions and involved in a range of projects which support value chain actors. Some of these organizations include AULEDA (Local Economic Development Agency) in Vlora and CNVP (Connecting Natural Values and People) in Korça, as well as other local associations of farmers / beekeepers and organizations that implement joint projects with MARDWA such as SARED.

6.3 Government development policies

The promotion of gender-sensitive value chains and economic empowerment of rural women can be achieved through policy reform, designing long-term strategies and creating a more favourable and pro-poor growth change environment, among other things. Various national and cross-cutting strategies have considered both rural development and the empowerment of rural women in diversification of family income.

The 2014–2020 *National Strategy for Development and Integration* has overseen general improvements in the business environment by providing direct assistance to strengthen quality assurance, increasing market access, promoting risk-management in agriculture, promoting new technologies in the agro-food chain, promoting food chain organizations, and promoting capacity building through the LEADER approach. Similarly, it has also supported the economic empowerment of rural women through improvement of access to credit; increased women's land ownership by issuing ownership titles under the name of both spouses; and enhanced capacity building of rural women through training activities. Furthermore, the 2014–2020 *Employment and Skills Strategy* has promoted the inclusion of rural women and unlocked their potential in the agricultural sector

through the design of accessible, modular vocational training which reaches out to women to ensure their improved access to productive resources. In addition, it has also offered support to female entrepreneurs (MSWY, 2014).

It needs to be mentioned that the 2014–2020 Inter-Sectoral Strategy for Agriculture and Rural Development (ISARD) and other cross-cutting strategies have not only highlighted some of the gaps in value chains that this study has identified, but have also designed appropriate interventions to close them. For example:

Medicinal and aromatic plants have good potential for the country's economy, even though some problems have been identified concerning the overexploitation of natural resources. Depopulation of rural areas has pushed some of the companies to stimulate MAP cultivation without specialized cultivators and using uncertified seeds. Thus, prevention measures are needed to ensure better governance of this sector by promoting more sustainable harvesting methods. In addition, it is important to improve land management practices for MAP cultivation and the specialization of production based on the end use of the product. Therefore, ISARD 2014–2020 encompasses: (a) support for construction and / or reconstruction of collection centres / facilities and equipment to ensure adequate storage, drying, processing and marketing of MAPs; and (b) knowledge and skills upgrading and strengthening value chains (MARDWA, 2015).

Beekeeping remains an important component of subsistence farming. Some of the problems identified relate to outdated beehives and extraction methods, inadequate filtering and packing equipment and low levels of information among beekeepers about standards for honey extraction, handling and processing. Therefore, the 2014–2020 ISARD encompasses: (a) support for the construction and / or reconstruction of both facilities and equipment to ensure better quality of honey processing and packaging; and (b) knowledge and skills upgrading of producers in this value chain (MARDWA, 2015).

Traditional food and gourmet production is structurally weak and underdeveloped. Currently there are various problems that hinder the performance of this sector, mainly related to outdated technologies, inadequate facilities, informality, unfair competition, unstable supply, lack of food safety standards and HACCP certification, lack of systematic recording of production parameters and inadequate labelling. Therefore, the 2014–2020 ISARD encompasses support to improve technological conditions, upgrade quality control equipment and enhance post-harvest handling, storage and packaging (MARDWA, 2015).

Dairy production suffers from an unstable milk supply, a lack of qualified personnel in milk processing, a fragmented value chain in particular, high levels of informality and a lack of knowledge about food safety standards. The practice of milking by hand in the majority of dairy farms negatively affects the hygiene and quality of the milk. Therefore, the 2014–2020 ISARD encompasses support for modernizing the dairy sector through investments in technology, food safety quality and system quality control (MARDWA, 2015).

Aquaculture is a modest sub-sector of the Albanian economy where different cultivation methods are applied. Therefore, the new 2014–2020 ISARD encompasses support to increase the production of existing aquaculture farms through a range of actions such as: (a) purchase of equipment for egg and fry production; (b) purchase of equipment to improve hygienic conditions for production and harvesting; (c) installation of facilities for cooling and storing; (d) purchase of equipment to ensure efficiency of the production process, optimization of feeding and water recirculation systems; and (e) purchase of equipment to ensure water quality parameters control (MARDWA, 2015).

Handicrafts linked to organic wool are currently devaluated due to the domination of many imported industrial products. Even though it uses cost-free inputs, this tradition is considered outdated by the younger generation in Albania. Low capacity to differentiate between these products and a lack of skills among young people to invest in their development has minimized the importance of this tradition. Thus, the 2014–2020 Business and Investment Development Strategy includes increased training and capacity building of human resources in this sector (MEDTE, 2014). On the other hand, ISARD 2014–2020 offers support to the small-scale manufacturing of traditional crafts that will help to boost job opportunities in rural areas and diversify family income (MARDWA, 2015).

Rural and agro-tourism is a small but growing sector which in many cases is combined with cultural tourism. Even though rural areas provide good potential for on-farm tourist activities, combining rural life experience with traditional food, the development of rural tourism faces various constraints. These constraints mainly derive from the underdevelopment of tourist attractions, inadequate accommodation units, low quality facilities, low broadband penetration and unskilled human resources to deliver quality services to tourists. Poor infrastructure in some rural areas that have good resources for rural tourism is also accompanied by a lack of drinking water, electricity shortages and weak cooperation among local government units, non-governmental organizations and businesses. However, ISARD 2014–2020 encompasses support for the construction and reconstruction of traditional houses for tourist activities in rural areas (MARDWA, 2015). Moreover, the 2014–2020 Strategy on Tourism Development supports rural tourism by defining new, rural tourist and eco-trail destinations, increasing the capacity and number of guesthouses, enhancing the capacities of local staff to ensure high quality service delivery, and promoting and marketing rural tourist places (MUDT, 2014).

6.4 Good practices: NGOs and donor-funded programmes and projects

6.4.1 Economic empowerment of rural women in value chains: the need for a multidimensional approach

Our study has shown that the role of rural women in value chains has been overlooked, primarily because it is shaped by gendered patterns in the distribution of roles and responsibilities that reflect their missing opportunities. Beliefs and perceptions about the secondary role of rural women in value chains undermines their position as active economic actors within the household and community. Their engagement in intensive low skill and unwaged family labour fosters gender-based wage discrimination. Inherited social practices, gender stereotypes and resistance to change hinders the participation of rural women in mixed producer associations and groups.

The empowerment of rural women in value chains can be changed through their participation in income generating activities. Yet, this does not mean money-oriented economic empowerment alone. Being part of the value chain, rural women seek to be more efficient and profitable by upgrading their skills and knowledge, as well as by seeking confidence that will transform their position within the household and community. With concrete and innovative incentives, they have the potential to act as change agents and become more socially and economically integrated.

Both horizontal coordination and strong vertical relationships can yield positive outcomes in the empowerment of rural women by improving their gains and wellbeing and reducing their inequality. Women's mobilization in groups will be mutually supportive for them, offering opportunities to voice their problems and gain better outcomes in productive work.

6.4.2 NGOs and organizations working in the study areas

Currently, there are various organizations that work in the study's target areas and focus on rural women. They aim to upgrade women's skills, mobilize network participation, facilitate support to access loans and increase their contribution in local decision making about issues that affect them.

ADAD Malore (Association of Rural Development of Mountain Areas)¹⁰ was established in 1996 and is currently located in Tirana. This association operates with 26 groups (16 informal and 10 formal) of cultivators, producers and processors, mainly for permanent crops.

Its focus is capacity building, knowledge exchange, group mobilization and group representation at local, national and international levels. ADAD operates in Korça (for apple production and export as well as agro-tourism), Dibra (cherry production and processing of apple juice), Kukes (plum production and medicinal plants) and Shkodra (pomegranate production and medicinal plants). Currently, ADAD Malore is implementing a project funded by UNDP on rural women's economic empowerment in the villages of Vithkuq, Novosele and Hore-Vranisht through generating employment and providing new livelihood opportunities. Key activities include training and promotion of their economic activities, capacity building through workshops and exchange visits, participation in fairs and exhibitions, and establishment of partnerships with local government units and the business sector.

AGRINET¹¹ is a non-profit organization established in 2005 aimed at contributing to the sustainable socio-economic and environmental development of rural communities in partnership with their local governments and other local stakeholders. With headquarters in Korça and branches in Elbasan and Peshkopi (Dibra), AGRINET cooperates with 16 farmers' associations mainly in fruit growing, fruit processing and livestock breeding. It supports both the establishment of new associations and capacity building of existing ones. Women farmers are an important target group for these activities and they have been supported not only with training but also with the promotion of their products in various fairs organized at local and national levels.

AULEDA (Local Economic Development Agency)¹² is a non-profit organization located in Vlora city which has been established since 2003. It aims to sustain the socio-economic, cultural and environmental development of Vlora region based on public-private partnership. It actively contributes to strengthening local strategic planning in Vlora; supports institutions and civil society towards implementation of comprehensive local development initiatives; and raises the capacities of vulnerable groups to facilitate their professional inclusion and achieve positive socio-economic impacts. AULEDA is also experienced in working with rural women and establishing Local Action Groups (LAGs) to increase their involvement in local decision making, promote bottom-up participation in the rural community development agenda and foster the creation of social networks. Applied in three different areas – Dibra (Fushë-Cidhën, Tominaj and Kastriot villages), Shkodra (Rrethina, Postribë, Kelmend, Shkrel and Gruemirë villages) and Vlora (Novosela and Orikum) – AULEDA's

¹⁰ Available at <http://www.adadmalore.al/>.

¹¹ Available at <http://agrinet.al>.

¹² Available at <http://auleda.php.auleda.org.al>.

projects have delivered a range of capacity building activities aimed at improving the entrepreneurial skills of rural women, networking with other women's associations and increasing their contribution to assessing gender-based interventions at village and community level.

CBS (Creative Business Solutions)¹³ established in 2012 is a business consultancy organization that provides valuable and effective services aimed at generating economic growth for businesses through financial consulting and entrepreneurial capacity building in developing economic sectors, marketing and business development. With headquarters in Tirana and branches in Korça, Fier and Gjirokastra, its services include: credit facilitation and loan support; IPARD scheme application support; business planning and investment analysis; financial statements and planning; market analysis and technical advice; and national subsidy scheme support. With the support of USAID, targeting rural women and men, it is currently implementing a three-year intervention programme on AgroCapital which supports the agri-business sector by matching its needs with the best financial offers available.

RASP (Rural Association Support Program)¹⁴ is a specialized non-profit organization established in 1997 aimed at stimulating opportunities for rural inhabitants to improve their livelihoods and reduce poverty to achieve sustainable development. It runs a range of tailor-made activities including resource mobilization to create associations, capacity building, assistance to farmers in new technology, awareness raising and promotion of rural products in fairs and exhibitions. Its activities mainly target rural groups and associations, women and young people. RASP also supports rural groups to lobby and advocate at the local level on decisions that affect their livelihoods. It works with rural women to empower them to improve their position within the household and community as well as facilitate access to markets. Under the framework of SARED, RASP is implementing a project in three villages of Berat county (Roshnik i Vogël, Mimias and Vojnik) to raise the capacities of four farmers' groups, including rural women's groups, in the dried fig value chain through setting up business plans, improving the fig drying process, improving infrastructure to achieve standardization, enhancing management skills, and developing marketing and packing skills.

UN Women¹⁵ is a United Nations entity established in 2010 and responsible for gender equality and women's empowerment. Its main focus is the elimination of gender-based discrimination, the empowerment of women and the achievement of equality between women and men to equally share the benefits of development. UN Women in Albania is an active actor in supporting various initiatives that aim at improving the economic empowerment of women, reducing the gender wage gap, addressing legal changes in favour of women's rights in the workplace and supporting women's access to credit, economic aid and social protection. It continuously contributes to addressing gender equality in various national strategies and action plans in order to put women at the centre of government economic policies. Its *Economic Empowerment* programme¹⁶ provides support to key institutions and ministries to ensure incorporation and implementation of women-oriented economic policies in order to promote: (a) strategies and policies that provide better education and employment for women; (b) support for rural women; (c) opportunities for women's self-employment and entrepreneurship; (d) a favourable, women-led business environment; and (e) mentoring networks for women entrepreneurs in SMEs. In addition,

¹³ Available at <http://www.cbs.al/>.

¹⁴ Available at <http://www.rasp.org.al/>.

¹⁵ Available at <http://eca.unwomen.org/en/where-we-are/albania>.

¹⁶ Available at <http://eca.unwomen.org/en/where-we-are/albania/economic-empowerment>.

UN Women contributes to the reduction of labour market gender segregation by supporting initiatives that develop women's skills, provide vocational education training courses and reach women who are excluded from the labour market.

There are other NGOs or Business Service Providers (BSPs) that work in our study areas. Some of them are trying to create their own professional profiles. However, since most of the funding comes from donors, they try to adapt to whichever initiative or project generates income. Many BSPs operate in a wide range of services, even in categories in which they might not have the necessary experience and knowledge (RisiAlbania, 2014). CBS and a few other organizations can be considered an exception to this pattern. CBS has a concrete focus on business planning and appears to be the most reliable partner for farmers and agro-processors applying for grants. Services include support with application forms, the necessary documentation and steps that need to be followed (Ervis Mengjesi, interview, 2016). Other organizations such as ADAD have been successful in many areas of Albania supporting farmers on different aspects related to planting, plant nutrition and protection, post-harvesting, storage and farm management; AAM focuses on traditional products, marketing and promotion and event management; ADAMA on meat and milk processing technologies; and CDQ on certification and market linkages (RisiAlbania, 2014). Some BSPs focus on one specific geographical area (for example, AULEDA in Vlora region). There are also cases of organizations such as CNVP that have had a long collaboration with particular groups or areas and take a step-by-step approach to empowering local farmers including women (see Box 11).

Interventions aimed at women's empowerment depend not only on the competencies of the implementing agencies, such NGOs and local BSPs, but also on the ways in which projects and interventions are designed by donor and governmental agencies or other organizations. Here, we argue that successful interventions that support women's groups, women farmers or whole communities are characterized by:

- **A combination of “soft” actions (for example, training and capacity building initiatives) and “hard” support (for example, infrastructure building or the provision of equipment, seeds and seedlings).** Capacity building initiatives that overlook potential bottlenecks in production, marketing and the supply chain are likely to fail.
- **A step-by-step sequence of actions.** The correct sequencing of actions will ensure the effectiveness and efficiency of many interventions that rely on the successful implementation of specific activities.
- **Social capital as an important starting point.** Many projects / interventions in support of groups have been unsuccessful due to a lack of collaboration or the “highjacking” of projects by specific individuals. Existing vertical or horizontal collaboration can contribute to the sustainability of any initiative that focuses on women's economic empowerment.
- **Avoidance of overambitious objectives.** Pursuing product upgrading at all costs has led to the ineffective use of resources and, subsequently, to loss of confidence and demoralization of some of the supported groups. Neglecting these implications may be detrimental to the whole effort to support beneficiaries in processing and adding value to their produce. Implementing “secure” and “easy” interventions that result in “quick wins” at the micro level can be sometimes a better alternative, at least in the initial phase. Process upgrading, expanding plantation or diversification can have sometimes a better long-term impact.

- **Collaboration with value chain drivers.** When supported beneficiaries operate in value chains that are characterized by strong bargaining power of the value chain drivers, dialogue with these actors has to be initiated from the very beginning of any support project / intervention.

Despite the important roles of project design and competency in implementation by local NGOs and BSPs, other factors such as value chain dynamics, market trends and the territorial and cultural specifics of a particular area can affect the nature of support and actions taken to assist women and women's groups.

Box 10: Good practices in rural women's mobilization: the role of local actors

CNVP (Connecting Natural Values and People) established in 2005 in The Hague (the Netherlands) is a legacy organization of SNV in the Balkans, continuing its work on forestry and rural development in this target region. The branch of CNVP in Albania¹⁷ is currently implementing a project on Forest for Local Economic Development (FLED) funded by the Swedish International Development Cooperation Agency (SIDA). It aims to improve decentralized and sustainable communal forestry by providing increased production, services and income to rural communities (2014–2018) (CNVP, 2015). Targeting local government units, civil society organizations and the Forest and Pasture Users' Associations (FPUAs), this project also intends to ensure the economic empowerment of rural women through their participation in local decision-making structures on management of communal pastureland and forestry.

Evidence shows that even though women use approximately 70 percent of the resources of communal pastureland and forestry, their representation in local decision-making structures on their management is very low at about four to five percent (CNVP, 2015). According to the new decentralization strategy, both women and men should have equal economic opportunities, and equal rights to express their opinions and participate in decision-making structures.

Communal pastureland and forestry play an important role in the rural communities of Pustec Municipality in Korça. However, women and men are not equally represented in local forestry institutions for a range of reasons including: (a) a lack of information among women about their rights and responsibilities; (b) limited participation in forest-oriented value chains; (c) low levels of participation in local decision-making structures on forest management; (d) limited control over resources; (e) limited knowledge about their land entitlement; and (f) perceptions relating to the gender division of roles and tasks (CNVP, 2015).

In order to increase women's participation in local decision making, the project has applied a multi-layered approach including: (a) awareness raising of women about the importance of their participation in village boards; (b) meetings with women and men about the importance of their involvement in various value chains; (c) supporting women's participation in village boards and raising their capacities; (d) supporting female-oriented initiatives; and (e) fostering dialogue between vested interest groups on the economic empowerment of women (CNVP, 2015). Some progress has been achieved and rural women feel a sense of ownership in the decisions that have been taken where their voice has been counted.

Source: Our own analysis based on reports from the organization and on the interview with Korça's CNVP representative, Albana Çule.

¹⁷ The CNVP website is available at <http://www.cnvp-eu.org>.

7. Access to finance and policy recommendations for IPARD II

7.1 Access to finance: difficulties faced by rural women

Data from our field research show that rural women have low levels of access to finance. Even though agriculture is considered a strategic priority for the Albanian government¹⁸, its widespread informality remains problematic (European Commission, 2016). Despite continuous efforts made to increase the level of national direct support and national investment in this sector, totalling EUR 14.7 million in 2016 (European Commission, 2016), its inherent difficulties, combined with relatively isolated investments limited to certain regions or sub-sectors, have seriously delayed the credit agenda in rural areas (Bank of Albania, 2016a).

From the point of view of the banking system, agriculture is a sector which is highly exposed to several objective and subjective risks. They are mainly related to: (a) its vulnerability to natural hazards, which negatively impacts on the quality of agricultural products – the lack of insurance schemes for sensitive agro-businesses reduces their opportunities for access to finance; (b) high dependency on seasonal production and limited opportunities for income diversification (especially in remote areas) increases banks' uncertainty; (c) high levels of land fragmentation and very small farm size creates disadvantages for both farmers (who have to increase production costs) and the banking system (which needs collateral as a loan guarantee) – collateral serves as a screening instrument for the banks, therefore, the lack of collateral means that banks are reluctant to invest in the agricultural sector; and (d) credit conditions set by the banks are usually not favourable to agricultural activities because they are less stable and have a short-term lifespan – their insufficient financial stability increases banks' scepticism towards supporting them (Marku, 2016).

Even schemes supported by the Albanian government present various challenges for rural women. Currently, the government supports schemes in agriculture, livestock and agro-processing of products through the Agency for Agriculture and Rural Development (AARD). They aim to promote investment to increase product competitiveness, improve technology in plant cultivation, increase the quality of products, improve product standards, and support agricultural cooperation and the sector's formalization.¹⁹ During our field research, the team of experts heard various opinions provided by rural women, farmers, women's groups, representatives of local organizations and other stakeholders about the difficulties faced by farmers in general, and rural women in particular, in relation to benefiting from government support:

¹⁸ Article 8/ç, Law 55/2015 "On strategic investments in the Republic of Albania" (Official Gazette, 2015).

¹⁹ The decision of the Council of Ministers (DCM) No. 91, dated 10 February 2016, "On determining the basic criteria about sectors that will be supported and the amount that will be benefited from the program fund for agricultural and rural development 2016" set the criteria by which applicants would benefit from these schemes (AARD, 2017).

(a) The **Taxpayer Identification Number (TIN)** is required in all schemes. However, the presence of abusive practices, mainly caused by unfair competition and the existence of the informal market, challenges licensed farmers in their economic activities leaving room for unregistered farmers to take advantage and sell their products at lower prices. This had led to the avoidance of formalization and registration of economic activity by several farmers. On the other hand, those who are registered also complained about the long bureaucratic procedures of the TIN process taking into consideration low levels of education among farmers in rural areas in general, and of rural women in particular. Some were also pessimistic about the benefits they could gain from registration and formalization as eligibility criteria for grant schemes because they had not seen any positive results in this context so far.

(b) The **“farmer’s card”** is a form of farmer identification. This document is required to gain eligibility for support schemes. However, the farmer’s register is not consolidated and the “farmer’s card” is directly linked with the head of the household (usually the men). Therefore, women who usually come second on the family certificate are also identified with the same card as the male head of the household. This shapes and limits their incentive and decision-making in relation to making independent applications for investment.

(c) There is a **complicated application procedure** for benefiting from grant schemes. Farmers complained about the lengthy application procedure and the large number of documents that needed to be collected, filled in and submitted. They were concerned that there was a lack of coordination among various institutions which could use the online system to exchange information about applicants. This could save the farmers time and travel costs, taking into consideration that the main institutions are primarily located in urban areas. Long travelling distances were especially problematic during the winter due to poor infrastructure and irregular transportation, especially from remote rural areas.

(d) There is a **high level of mistrust** about the benefits of these schemes. Even though various projects including IPARD-Like (2012–2014) and SARED have raised awareness among rural inhabitants about the importance of these schemes, and have provided some assistance on how to prepare application forms, farmers were reluctant to apply. There were cases where applicants had not been informed about why their application was rejected, and the waiting period had become longer and longer. This lack of explanation increased their disappointment and negatively impacted on the application rate. This was clearly illustrated in the low number of applications and the number of applications / number of beneficiaries ratio. Statistics were very disappointing in the case of rural women (both applicants and beneficiaries).

(e) The **lack of bank branches in rural areas** has left farmers underserved. Sparse rural population numbers and high levels of migration to cities have restricted both the range and diversity of banking services offered to rural communities. Bank transactions were almost impossible. Due to social practices and gender-based discourses, the mobility of rural women travelling alone was limited. Therefore, in many cases they did not directly apply, being excluded from direct transactions despite their will to be part of the process.

(f) The **lack of land ownership titles** has excluded some farmers from benefiting from these schemes. Farmers reported that there were discrepancies between their actual agricultural land and cadastral maps. Long and unresolved land ownership problems had left them feeling frustrated, limiting their

interest in further investment in their land on the one hand, and increasing their investment insecurity on the other hand. This also limited their motivation to apply for grants. This problem was more serious in the case of female-headed households with young children who did not benefit from anti-poverty programmes or other social safety nets. These women were totally dependent on kinship ties to support their household's daily living, while they were unable to gain support from these agricultural schemes.

(g) A **lack of land ownership titles in the case of newly-established rural families** where both spouses were born after 01 August 1991.²⁰ Land ownership titles are issued in the name of the head of the household. Therefore, those born after this date do not officially possess land unless it is given to them by their parents through an official process in the Property Registration Office. Newly-established rural families were highly dependent on their parents, due to a lack of assets. This meant that new couples could not apply for grants unless they convinced their parents to give their permission to apply. The situation was worse for women. Land ownership titles are not issued in women's names, making them dependent on men should they wish to apply for grants.

(h) **Low levels of financial literacy** have discouraged small-scale farmers from accessing finance. A lack of confidence has increased their perception about the riskiness of this activity, disempowering them in making informed financial decisions. Insufficient financial and managerial skills have negatively minimized the matching of appropriate products to the demands of particular groups. Gaps in financial literacy among women and men have led to unrealistic gains in economic efficiency. Women are severely excluded from being direct beneficiaries, mainly due to lower opportunities for accessing financial products.

(i) The **lack of health and social insurance payments** has violated one of the required criteria for accessing finance. Potential applicants face ineligibility due to a low level of household income, a high number of school-age children and a lack of additional finances. This situation was more serious for young rural women who spent much of their time on household chores and child care because of a lack of crèche and kindergarten facilities in their villages. In some cases, rural women stated that kindergartens were located approximately three kilometres from their place of residence. This is why they preferred to keep children of preschool age at home.

(j) **Confusion about construction permits in rural areas has restricted applications for grants.** The issuance of construction permits was suspended in 2014 (European Investment Bank, 2016). Some farmers and processors raised concerns about the difficulties they faced in applying for grants due to the lack of a construction permit to invest in their land. Since construction permits were suspended in urban areas until the local elections of June 2015, they were also considered to be suspended in rural areas. However, rural inhabitants were not informed that local officials could make an exception through a direct check of their property based on their land ownership title. Consequently, this limited the number of applications.

As was evident during the field research conducted for this report, the role of the Agricultural Cooperation Associations (ACA)²¹ was unclear for women and men farmers. Established to encourage formalization

²⁰ This date is taken as a benchmark for land distribution among rural families based on Law No. 7501 "On Land" dated 19 July 1991.

²¹ Law No. 38/2012 "On Agricultural Cooperation Associations", Official Gazette, 2012.

and cooperation among farmers, they did not properly play their real role in practice because of the reluctance of farmers to cooperate. Even though farmers are eligible to benefit from grant schemes, a sceptical attitude towards grants was prevalent. This was also linked with a lack of trust, low levels of liquidity and fear about potential conflicts between members. On the other hand, the Savings and Loan Associations (SLAs) and their unions, which operate at local level, play an important role in rural areas. They collect deposits and provide favourable loans to their members. However, their total number decreased from 126 in 2010 to 111 in December 2015 (European Investment Bank, 2016) due to liquidity problems (Bank of Albania, 2016b). The loan portfolio of these SLAs had decreased by 13.8 percent by the end of 2015, while SLAs loans accounted for 0.81 percent of the total number of loans made by the banking system in Albania (Bank of Albania, 2016b).

In sum, various structural disadvantages and contextual challenges have been encountered during the transformation process of the agricultural sector, and these have brought about a range of negative externalities which have minimized rural women's access to finance. Despite the Albanian government's legislative and policy efforts to empower this target group and consistently address this concern, the strict and rigid criteria required by support schemes has arbitrarily excluded them. In order to increase women's access to finance, more flexible criteria are required, along with limited administrative procedures. Good practices should also be replicated. One example of good practice – the SARED project – has been easily accessed by small farmers even in remote areas.

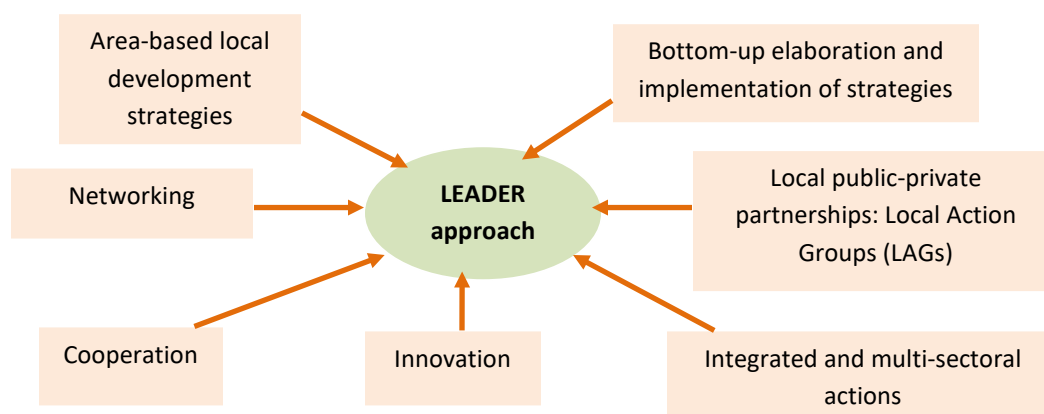
7.2 IPARD II and the LEADER approach: new opportunities and challenges for rural women's economic empowerment

One pivotal principle of IPARD II is the balanced territorial development of rural areas aimed at diversifying their economic development through fostering job creation, social inclusion and poverty reduction. For this purpose, the “Farm diversification and business development” measure focuses on investments in non-agricultural sectors in rural areas and the development of entrepreneurship, especially for young people and women, in order to generate new job opportunities and improve access to services. It also contributes to the promotion of cooperation among farmers and the prioritization of investments in mountainous areas (MARDWA, 2015). The criteria set under this measure for applicants requires the submission of a range of documents including: (a) registration in the National Registration Center; (b) registration in the national farm register; (c) preparation of a business plan or a technical project proposal to demonstrate the economic viability of the investment; (d) fulfilment of all obligations relating to tax, mainly land tax and health and social insurance payments; (e) confirmation from the AARD that they are not on the bad debtor list; and (f) possession of occupational skills in conformity with national legislation (MARDWA, 2015).

Examining these criteria, it is clear that poor rural women in general, and those located in remote rural areas in particular, with a low level of education or mobilized in informal groups will be exposed to various challenges in meeting them. Thus, they might have fewer chances to directly benefit from IPARD II funds. However, IPARD II has overseen another important measure on “Implementation of local development strategies” using a LEADER approach (MARDWA, 2015).

“LEADER” stands for “Links between actions of rural development” and is a tool that helps to mobilize rural communities to solve their problems by encouraging innovative responses and building local capacities to test out new ways of meeting their needs (EC, 2006). It contributes to the increased utilization of rural development instruments by providing opportunities for groups who were not previously supported or only partially supported (Council of Europe, 2014). The LEADER approach is an area-based local development strategy prepared and implemented by a Local Action Group (LAG). An LAG is the structure that leads the whole process, facilitates an effective public-private partnership and shapes local development through transfer of knowledge, networking and cooperation among rural groups (Council of Europe, 2014). Thus, this tool does not represent a fixed set of measures to be implemented; it uses a holistic approach to address the problems of rural communities, fostering bottom-up participation and indicating “how” to proceed rather than “what” needs to be done (EC, 2006). Figure 1 illustrates seven key features of the LEADER approach.

Figure 22: Seven key features of the LEADER approach



Source: European Commission, 2006.

Research conducted in various EU member states, including new EU countries, has shown that some of the guiding principles of the LEADER approach have been impractical and overly idealistic (Dower, 2014; Granberg, Andersson & Kovàch, 2015; Lukić & Obad, 2016; RDP Croatia, 2015). Four main barriers have been outlined to explain the gender division in LEADER activities and male domination in the LAGs: (a) the weak socio-economic position of women in rural society and their low level of political integration; (b) a traditional gender division of roles in the domestic sphere and apolitical involvement in community life; (c) the dominance of agriculture in rural development discourse; and (d) the lack of cultural and structural change in new governance arrangements (Bock & Derkzen, 2008). Moreover, moral commitments, the balance of power among unequal actors and democratic deficits due to the combination of bottom-up and top-down components have created negative externalities and practical inconsistencies in the application of the LEADER approach (Granberg, Andersson & Kovàch, 2015). Table 35 provides a summary of the strengths and weaknesses of LEADER implementation.

Table 35: Summary of strengths and weaknesses of the LEADER approach

LEADER's features	Strengths	Weaknesses
Area-based local development strategies	<ul style="list-style-type: none"> Tailored actions are better suited to real needs and local competitive advantage. It is built on a socially cohesive territory characterized by common tradition, a sense of community belonging and a local identity (EC, 2006). 	<ul style="list-style-type: none"> Structural disadvantages of remote rural areas provide limited opportunities for them (Lukić & Obad, 2016). Inadequate connection of rural people to development processes due to narrowly-based rural economies, unemployment, weak infrastructure and migration of the younger generation (Dower, 2014).
Bottom-up elaboration and implementation of strategies	<ul style="list-style-type: none"> Participation of local actors in decision-making and priority setting processes. Capacity building and mobilization of local resources to identify strengths and weaknesses of their area (EC, 2006). 	<ul style="list-style-type: none"> Strict and increased regulatory framework impedes LEADER's ability to quickly respond to local needs (Dax <i>et al.</i>, 2013; Navarro, Woods & Cejudo, 2016). Practical inconsistencies in the application of LEADER due to the combination of top-down and bottom-up approaches (Granberg, Andersson & Kovàch, 2015; Oedl-Wieser, Strahl & Dax, 2010). Large gap between "uneducated" peasants and those who represent "knowledgeable" groups (Lukić & Obad, 2016). Low level of empowerment of rural people due to a power imbalance between people and government (Dower, 2014). Involvement of less advantaged groups in drafting and preparing bottom-up strategies is not always guaranteed (Lukić & Obad, 2016; Navarro, Woods & Cejudo, 2016).
Local public-private partnerships: Local Action Groups (LAGs)	<ul style="list-style-type: none"> Stimulation of sustainable development through: (a) association of local players with multi-sectoral actions; (b) strengthening dialogue and cooperation between rural actors; (c) well-balanced representation of existing local interest groups (EC, 2006). 	<ul style="list-style-type: none"> LAGs face difficulties in identifying needs and priorities (Marquardt, Weggenger & Möllers, 2010). Reduced local LAG autonomy, oversight of strategy and discretion to make locally-based knowledge decisions due to increased regulatory framework and long bureaucratic procedures (Dax <i>et al.</i>, 2013; Navarro, Woods & Cejudo, 2016; Oedl-Wieser, Strahl & Dax, 2010). LAGs are under pressure to negotiate for funds due to poor cash flows (RDP Croatia, 2015). Increased potential vulnerability of LAGs to political pressure due to increased financial dependence on local government units (Lukić & Obad, 2016). Perception of LAGs as an extension of local government units rather than an independent body due to high impact of local politics – this reduces people's motivation to become involved in LAG activities (Lukić & Obad, 2016). Involvement of representatives from disadvantageous groups, including women and young people, in LAGs is seen as time consuming and resource draining (Lukić & Obad, 2016; Navarro, Woods & Cejudo, 2016). Male domination in the LAGs (Granberg, Andersson & Kovàch, 2015).

LEADER's features	Strengths	Weaknesses
Integrated and multi-sectoral actions	<ul style="list-style-type: none"> • Strong integrative elements to sustain local knowledge (Granberg, Andersson & Kovàch, 2015). 	<ul style="list-style-type: none"> • Fragile integration among actors in the LEADER approach.
Innovation	<ul style="list-style-type: none"> • Stimulation of new and innovative approaches to the development of rural areas. • Modernization of traditional forms of knowledge. • Transfer and adaptation of innovation (EC, 2006). 	<ul style="list-style-type: none"> • Enforced regulatory frameworks impede innovative approaches (Dax <i>et al.</i>, 2013). • Creativity threatened by parallel structures and conflict between innovation and administration (Oedl-Wieser, Strahl & Dax, 2010; Pollermann, Raue & Schnaut, 2014).
Cooperation	<ul style="list-style-type: none"> • Boost in activities among LEADER groups. • Fosters joint action among groups. • Collaboration to solve problems or add value to local communities (EC, 2006). 	<ul style="list-style-type: none"> • Overprotective approach might increase passivity, making LAG members unwilling to become self-reliant, master skills and cooperate (Lukić & Obad, 2016).
Networking	<ul style="list-style-type: none"> • Exchange of knowledge and experience among LEADER groups. • Dissemination of innovation, good practices and lessons learned (EC, 2006). 	<ul style="list-style-type: none"> • Complex networks.

7.3 Recommendations for policy-makers regarding IPARD II

As a country candidate for EU membership, Albania is highly committed to the EU integration agenda and it is involved in the harmonization of its agricultural policies with the EU Common Agriculture Policy (CAP) portfolio. The ISARD strategy (2014–2020) provides a framework that integrates agriculture and rural development in the context of EU integration. Furthermore, as a signatory country of various international treaties, Albania is also concerned about the elimination of discrimination against women and the achievement of their economic empowerment as per the objectives set out in the 2030 Agenda for Sustainable Development Goals. It is proactively facilitating the optimization of the economic potential of women in general, and of rural women in particular, through improving legislation and undertaking policy reforms in line with accession requirements. Comprehensive responses that have been designed and clear objectives set out in key strategic documents require ongoing monitoring to identify the main policy weaknesses and adopt appropriate measures to address them.

IPARD II is an important EU pre-accession support instrument in the field of agriculture, but it seems to be a very demanding programme for smallholders in general, and for poor or disadvantaged rural women in particular. A combination of structural barriers, the ongoing transformation of Albanian post-socialist society and fragmented institutional structures are prevalent in rural areas, raising various challenges for their inhabitants. This calls for a more balanced type of access to this programme for women from different rural areas of the country.

While agriculture is mainly seen as a coping strategy characterized by poorly paid jobs, poor utilization of natural resources, low technical innovation and weak specialized marketing knowledge, the motivation of young rural women to become engaged in agricultural activities and live in rural areas is continuously decreasing. Since rural women do not represent a homogeneous group in terms of their skills, knowledge, capacity and access to assets, they have different needs which require tailored institutional responses to be comprehensively addressed. The ongoing migration of skilled young rural women might expose the remaining less qualified mid- and older-age women to various difficulties in terms of absorbing new technology and meeting quality standards for their products, as required by the IPARD II programme. Can the economic potential of this diverse group be fully reached through the IPARD II programme alone? Will the ambitious criteria of this programme fully match with the objective of Goal No. 5 of the 2030 Sustainable Development Agenda (*achieve gender equality and empower all women and girls*) leaving no one behind?

Yet, the problem should not be narrowed down to mere arithmetic. The issue is not about increasing the total number of rural women who benefit from the IPARD II scheme, because it might also be a result of the high pressure that they might face from male relations to benefit from it. Instead, gender equality in access to this scheme should be combined with additional monitoring mechanisms which will ensure that the desired access is fully translated into economic empowerment and improves the wellbeing of rural women. This means that access to the IPARD II programme should be backed up by a series of measures and interventions which will increase the likelihood of a positive impact on rural women. Furthermore, the economic rationale behind rural women's networking and information sharing should not always be assumed to have economic benefits for them. Groups might apply exclusionary criteria for marginalized

women, unless specific measures are put in place to counter this disadvantage. Since serving rural women is part of the institutional commitment, regular bottom-up efforts should be made to tackle the feelings of mistrust and suspicion of cooperation and their low level of social involvement in community organizations and networking.

Harmonization of various policies, strategies and legal and regulatory frameworks should be a prerequisite for the successful economic empowerment of rural women through IPARD II. Moreover, IPARD II will be more efficient and yield more sustainable results if a visible and measurable positive change is achieved in terms of the economic empowerment of rural women. This measure should have well-articulated indicators for regular monitoring by rural women and community members. In this context and based on the findings of this study, it is recommended that:

- The programme has a better understanding of the dynamics of rural areas in Albania and sets clear targets for each region to ensure that none of them are left behind due to socio-economic and demographic disparities. Target setting should consider the diversity of rural women's groups and be bottom-up oriented.
- Place-based challenges created in rural areas due to the high migratory movements of the young generation in general, and of young educated women in particular, should be complemented with some incentives and concrete policies to maintain balanced development. These incentives should be widely discussed with rural women and promoted among local communities to better serve to their common interest.
- Land ownership rights should be better defined and protected to ensure women's land ownership titles as well as control over assets. This requires a better adoption of the land reform which will curb the existing dysfunctional land market and informal development.
- Consolidation of the farmer's register should be prioritized, while the possibility of linking Taxpayer Identification Numbers 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 particular 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.
- 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 awareness raising about the new programme 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.

- Improved financial literacy of rural women should be a priority. Despite efforts made during the IPARD-Like programme (2012–2014) to have better coverage of this target group, it is recommended that specific modules are prepared and put into practice. In addition to this, on-the-job coaching should be encouraged to upgrade women's technical, managerial and entrepreneurial skills.
- The support of rural women with technological cards to ensure food safety and the traceability of their products is imperative. This should go hand in hand with 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.
- Increased collaboration and improved networking among rural women should be accompanied by the design of appropriate measures that are highly harmonized with other initiatives. However, highly fragmented farming structures combined with subsistence and semi-subsistence farming might impose barriers to effective collaboration among rural women. This should be taken into consideration when resource mobilization actions are tailored.

8. Intervention strategy

The overall strategic objective of the project is to close the gender gap in rural areas for strengthened rural livelihoods, poverty reduction and sustainable rural development. This strategic objective underlines the importance of a pro-poor approach, that should be taken into account when designing interventions and choosing target groups. Additionally, focusing on employment and income diversification as a final impact of the project can lead to improved livelihoods and more sustainable rural development in general. Based on these implications and assumptions, the research team has designed a set of interventions that can have a strong, direct impact on increasing employment and income at farm level. Interventions at processing level can have smaller direct impact, especially in terms of employment, but can “unblock” many “bottlenecks” in the value chain level, thereby having a strong indirect impact at farm level. Furthermore, targeting bottlenecks at processing level can increase value added, leading to more income generation and ultimately to sustainable development.

Based on our analysis of the interviews with the VC actors, respective value chain and market analyses, rural women’s needs assessment and the experts’ evaluation, the research team proposes a project based on four components, namely: (1) interventions under the grant scheme; (2) provision of training and coaching and other capacity building activities; (3) vertical and horizontal cooperation; and (4) access to finance.

Further work is needed to incorporate this section of the report into a project document, depending on FAO, UN women, donors and other stakeholders’ policies and strategies.

8.1 Women’s economic empowerment: a strategic approach based on four components

8.1.1 A proactive approach for the project

The research team suggests taking a proactive approach by identifying potential groups, cooperatives and clusters, and selecting a pool of potential beneficiaries. Considering the limited resources and the focus on specific value chains and target groups, a proactive approach ensures flexibility and the effectiveness of the future project. A project implementation unit can explore the opportunities that are intrinsic to each value chain. These opportunities refer to:

- Existing horizontal linkages, especially the groups of women farmers established in recent years;
- Existing vertical networks throughout the different chains;
- Areas in each region that offer opportunities for complementarities between value chains (for example, tourism and traditional food).

Since the first component is based on substantial support through grants, the pre-selection of beneficiaries is debatable, because of factors such as potential bias in the selection process or eventual market distortion. However, a proactive approach in identifying potential beneficiaries does not exclude the use of competitive grant schemes for targeted groups. Grants can be awarded to individuals, groups or organizations that are clearly engaged in sharing the costs of investment and actively collaborate during project implementation.

Selection guidelines, grant process management procedures and other checks and balances instruments can be designed to mitigate potential bias. A proactive approach can be viewed as preliminary step towards identifying potential partners and peer groups that are willing to get involved and collaborate during project implementation.

8.1.2 Component 1: interventions under the grant scheme

The most important need expressed by interviewed actors is about investment. Grants or match funding are the most important funding mechanisms that can be used to increase access to finance in light of the level of poverty among women farmers in our study areas.

Based on the previous experiences of other programmes and projects, the following types of grants are suggested:

- **Simplified small grants** (for example, for seedlings). Some of the interventions include support with small grants. Assessment of such grants should be done by experts on a case-by-case basis. Beneficiaries can be offered seedlings provided by certified producers or other actors. Their contribution should be in-kind.
- **Small grants for equipment** (for example, small-scale equipment for the preparation of traditional food, packaging and labelling). These grants are intended to support specific interventions where costs are certain or can be easily evaluated. Beneficiaries can be offered the item provided by the project, or payment can be made on a reimbursement basis. Other alternatives such as outsourcing the provision of packaging material and label design and printing can be also considered. The contribution of the beneficiaries should be in-kind.
- **Standard medium grants** (for example, construction of a warehouse). This type of grant should target groups of women. The standard medium grant format requires the detailed presentation of an investment plan and its related costs. A business plan and related documents are required. As part of the financial reporting and monitoring process, all receipts and invoices must be submitted to project / programme management. Bidding procedures can be used by the project implementation unit. Alternatively, payment should be considered as interventions are implemented (for example, three instalments based on receipts).

8.1.3 Component 2: capacity building

The range of capacity building activities and business development services should be based on a demand-driven approach. Women farmers and SMEs led by women need access to a diverse range of services that allow them to become more efficient and competitive. At farm level, access to certified seedlings, and knowledge about plant nutrition, harvesting and post-harvesting procedures are very important for women farmers. At SME or cooperative level, services that create opportunities for a firm to find customers, design and upgrade products, improve administration, communicate effectively and access new technology are crucial to boost competitiveness. Therefore, depending on the value chain level and value chain promotion strategy, a set of capacity building and business development services have been designed. The research team believes that these interventions are key to the success of investments under the grant scheme.

8.1.4 Component 3: vertical and horizontal cooperation

Although most of the proposed action falls under components 1 and 2, we have highlighted the necessity for the project to focus on vertical and horizontal collaboration as well. Our findings suggest that vertical and horizontal cooperation are indispensable to VC promotion, especially in some buyer-driven value chains (for example, MAPs). In other cases, such as the gourmet and traditional food value chain, using a territorial promotion approach can boost cooperation among small producers and local accommodation, food and retail services. Additionally, aggregating production can lead to stronger bargaining power for farmers and small producers. Hence, horizontal cooperation is key to attracting value chain drivers and cutting many of the distribution and transaction costs.

However, cooperation should be pursued based on viable business and supply chain models that need some time to develop. A case-by-case strategy should be designed and tailor-made solutions should be applied. Successful business models among groups of farmers can be easily replicated, but only when the benefits of collaboration are very clear. The reluctance of Albanian farmers to cooperate remains strong and is based on their negative experiences of cooperatives during the communist regime. Overcoming resistance to sharing assets or jointly selling products is not an easy endeavour.

8.1.5 Component 4: access to finance

Lack of access to financial services has been identified as one of the key constraints to economic growth. This is particularly true for women farmers and women engaged in small-scale processing. Improving the provision of and access to finance for agriculture and agro-processing can be critical to the success of value chain promotion strategies and rural development in general. Indeed, many investments in agriculture are dependent on access to appropriate financial and business development services.

Although full grants are preferred to fund small pilot projects with high technical risk, and in areas with low levels of income and low access to financial services, the research team considers the IPARD II scheme to be a significant opportunity for financing larger investments for women entrepreneurs or women farmers' groups. The access to finance component will facilitate access to these funds by providing support to women for business planning and application forms. Service providers such as CBS can be contracted to offer high-quality services to our target group.

Another important aspect of improving access to finance is combining grant financing (such as match funding) with loan financing. Partnering with microfinance institutions (MFIs) and banks to promote value chain financing, with an initial focus on microfinance portfolios, can be an effective approach to ensure that awarded grantees can complete their investments. The guarantee fund provided by EBRD offers an excellent opportunity for SMEs and large farming companies. A collaboration platform with MFIs and banks can be designed in order to facilitate loan financing. Some banks and MFIs are more willing to support women farmers and entrepreneurs when provided with a sound business plan.

8.2 Value chain intervention strategy for each value chain

8.2.1 Medicinal and aromatic plants

Value chain promotion strategy

Based on the market and value chain analysis presented in the previous sections of the report, we identify different strategies adopted by VC drivers such as exporters and consolidators. MAPs is a buyer-driven value chain. Consequently, strategies for upstream value chain actors, including those focused on rural women's economic empowerment, need to be developed in accordance with the market trends and strategies adopted by actors downstream in the chain.

Some of the strategies identified include the following:

Market penetration: In a growing export-oriented market, simply increasing processing and storage capacities has resulted in growth and increased market share for some products. However, this market penetration strategy showed its limits especially when the market reached its saturation (for example, the case of sage, GIZ, 2014). Despite its limits, market penetration remains the strategy implemented by many companies (for example, Gjendra Ltd.). On the other hand, there is evidence of huge opportunities to use market penetration strategies focusing on the production of essential oils. This potential appears to be largely unexploited.

Product development: Export firms are often required by their foreign buyers to increase product quality and processing standards. There is extensive evidence of Albanian exporters' efforts moving in this direction (such as Gjendra Ltd. and Cibuku Ltd.). By adopting this strategy, export firms can leverage their strengths by upgrading products that target existing customers. A product development strategy has many implications for all levels of the value chain. Improving the quality of the product also implies improving post-harvesting techniques at farm and consolidator level (GIZ, 2014).

Market development: Organic MAPs, despite being known as a niche market, constitutes a significant opportunity for exporters, consolidators and farmers to gain higher mark-ups. Many firms that operate in this sector (for example, Sonnentor) are increasing their market share. Furthermore, the market for these essential oils is much bigger and the opportunities for producers have not yet been explored. Both of these strategies have strong implications for the supply chain. Organic farming and the adoption of adequate post-harvesting techniques are some of the interventions for consideration at consolidator and farmer / harvester level.

Diversification at export level implies channel upgrading and is considered to be a risky endeavour by most exporters (GIZ, 2016). Conversely, diversification of cultivation is considered by all VC stakeholders as the only way forward. Interviews with experts confirm the urgency of diversification in cultivation.

Table 36 provides a synthesized view of the different strategies that can be implemented at farming and consolidation levels, representing the value chain levels to be considered when developing strategies for women's economic empowerment. Diversification and product development strategies are prevalent.

Table 36: Product / market matrix for the MAP's value chain

	Current products	New products
Current markets	Market penetration strategy <ul style="list-style-type: none"> • Cultivation of the varieties requested by local buyers (e.g. wild tea in Korça) • Implications: <ul style="list-style-type: none"> ○ Value chain coordination ○ Investment in new plantations (e.g. Prespa or Devolli area) 	Product development strategy <ul style="list-style-type: none"> • Product upgrading • Implications: <ul style="list-style-type: none"> ○ Warehousing and post-harvesting equipment, especially in areas where women's groups and clusters are present ○ Contract and organic farming at farm level
New markets	Market development strategy <ul style="list-style-type: none"> • Cultivation of organic MAPs • Implications: <ul style="list-style-type: none"> ○ Investment in new plantations ○ Coordination with buyers ○ Certification ○ Training on organic farming techniques ○ Improved post-harvesting at consolidator level for wild-grown MAPs 	Diversification <ul style="list-style-type: none"> • Product diversification based on new requests by local buyers such as Lemon Verbena (in Berat or Vlora) • Implications: <ul style="list-style-type: none"> ○ Value chain coordination ○ Investment in new plantations

Diversification and market penetration strategies can be easily implemented because the required amount of investment in new MAP plantations is limited. However, market and product development strategies require substantial resources in fixed assets such as warehouses, knowledge transfer and close coordination with downstream actors. The following sections will elaborate on the interventions that tackle challenges at farm and consolidator levels.

Investment under grant schemes

Interventions for seed and seedling producers. The development of MAPs seed and seedling production requires the involvement of value chain drivers, experts and extension services. Small MAP greenhouses with local varieties of MAPs and new, high yield MAPs can be managed by groups of women, especially in the areas where cultivation is developed.

Supporting MAPs cultivation. Grants should be allocated for investment in MAP farming. Priority should be given to women's producer groups who have already been engaged to some extent in MAP cultivation. Considering the pro-poor approach of the project and previous experiences from other programmes, a 0.5–1 hectare plot might be considered for grant support.

Supporting warehousing and simple processing technology for drying and cleaning. There is evidence of the effectiveness of such interventions targeting farmers' groups (for example, in the Malesia e Madhe area). Priority for grant support should be given to women farmers' groups who demonstrate experience in MAPs cultivation, or collect large volumes of wild-grown MAPs. Investment in technologies such as selection, simple natural drying equipment and so on should be considered in cases where there are existing and operational warehouses.

Table 37 provides a synthesized overview of the interventions under the matching grant scheme, based on the problems and bottlenecks to be tackled. The table includes information about the target groups and capacity building needed to make the investments more effective and sustainable. Immediate and mid-term outcomes and prospective impact have been included in this analysis.

Table 38 provides data on investments under the grant scheme, including some information about capacity, size and the amount of financial resources needed for the investment.

Table 37: Investment interventions under grant schemes for the MAPs value chain

Challenge / opportunity by value chain actor	Investment action under grant scheme	Target group	Outcome	Impact	Capacity building, assistance and other services
Input supplier					
Cultivation of few varieties of MAPs and lack of seeds and seedlings for some varieties of MAPs; Exporters are willing to get involved in supporting seedling production; New varieties of plants are demanded by foreign markets.	Test seedling production of high yield MAPs in areas where there is interest in MAPs cultivation; Investment in small greenhouses in areas with significant plantations.	Group of women or individual women farmers	Increased diversification and competitiveness of cultivated MAPs	Increased income	Involve exporters in MAPs selection, import of seeds or seedlings as a preliminary step; Coaching on plant nutrition, cultivation, etc.
Farmer level					
Lack of diversification in cultivation leading to high market risks; Growing demand for some MAPs; Many exporters are trying to increase their product mix.	Investment in new plantations of MAPs – cultivation of new varieties of MAPs or increase surface cultivated.	Group of women or individual women farmers	Increased competitiveness of small-scale farmers	Increased income	Strengthen vertical coordination with some selected exporters; Training on cultivation and post-harvesting of new varieties of MAPs.
Modern harvesting techniques are almost absent / mechanized harvesting has lower costs.	Harvesting equipment.	Group of women or individual women farmers	Cost decrease, improved product quality	Increased volumes	Training / coaching on plant nutrition
BIO and organic segments offer a good opportunity for high profits; Inappropriate use of pesticides, herbicides and nitrates causing food safety hazards.	Experimenting in organic farming; Provision of high quality planting material.	Group of women	Improved product quality, increased value added	Increased trade of high value-added MAPs	Contract farming; Training on post harvesting; Certification of land and product.
Collector / warehouse					
High on-farm losses, poor quality of MAPs due to lack of post-harvesting facilities and warehouses; Appropriate post-harvesting practices results in high value-added products.	Increase storage capacity; Simple and usually job-shop like processing technology for cleaning, drying, etc.	Group of women	Improved quality, bargaining power and trade	Increased trade of high value-added MAPs	Capacity and cost-effective technology planning; Coaching / onsite training of beneficiaries.

Table 38: Financial resources needed for investment

Intervention type by value chain actor		Amount	Farm size, technology, capacity
Input suppliers			
Investment in greenhouse		EUR 10 000–20 000	2–3 varieties of MAPs 1–1.5 million seedlings per year
Farmer level			
Cultivation of new varieties of MAPs		EUR 2 000 ²² (including direct labour and materials)	0.5 ha
Experimental organic farming		EUR 2 000–3 000 (including direct labour and materials, capacity building excluded)	0.5 ha
Consolidator level			
Investment in storage capacity / warehouse		EUR 25 000	300 m ²
Improve processing of MAPs: simple and usually job-shop or mechanized processing technology		N/A (prices depend on equipment features)	Capacities depend on type of MAPs and technology used for drying

²² Depending on MAPs variety.

Vertical and horizontal cooperation enhancement

Vertical cooperation. Vertical cooperation is seen by the research team as a key component to MAPs VC development. We suggest the following approach and activities to ensure VC driver participation and collaboration:

- A cultivation diversification action plan should be designed with the participation of MAPs exporters (during workshops, roundtables and so on). Involvement of the staff of export companies during capacity building activities that aim to improve farmers' skills and knowledge on topics such as plant nutrition, organic farming and post-harvesting should also be considered.
- Important VC drivers, in collaboration with extension services and programme staff, should promote MAPs cultivation within existing networks of cultivators and cooperatives of farmers based on product regionalization, contract farming and service provision to farmers. Such an approach is beneficial for better coordination with exporters.

Horizontal cooperation. The research team asserts that proactive action by the project implementation unit is needed to strengthen the role of women farmers' groups in this VC, especially in those cases where considerable volumes are produced. The following activities are suggested:

- Technical assistance and coaching in establishing and managing a farmer group, an ACA or cooperative.
- Training on subjects such as cooperation, management, role division and bookkeeping.

Capacity building interventions

Service providers, individual consultants and extension services should be involved in service provision targeted towards women farmers or women farmers' groups. Specialized assistance can be provided to beneficiaries covering specific issues like certification, product traceability, investment planning, warehouse construction layout and technical requirements, especially in cases when the planned intervention is complex and includes large investments.

Service providers can also be involved in the following activities:

- Training and coaching on farming technology (in collaboration with extension services).
- Training and coaching on post-harvesting and processing technology.
- Support for business planning for some selected beneficiaries in order to better combine grant and loan financing.

Integrated log-frame of MAPs value chain

Table 39: Integrated log-frame for MAPs value chain

Pillar	Problem /need	Proposed action	Objective	Outcome	Impact
Component 1 – investments under grant schemes	Lack of capacities in seedling production	Investment in greenhouse	Increase production of MAP seedlings	Increased access to inputs	Increased cultivated area and trade
	Lack of diversification in cultivation leading to high market risks	Cultivation of new varieties of MAPs	Diversification of cultivation	Increased competitiveness of small-scale farmers	
	Inappropriate use of pesticides, herbicides, nitrates	Pilot projects for organic farming	Increase production of value-added products	Improved product quality and value added	
	High on-farm losses and poor quality in areas far from main exporters or large consolidators	Support for construction of warehouses and equipment at consolidator and farmers' group level	Increase storage capacity and improve processing of MAPs	Improved quality, reliable supply (product and process upgrading)	
Component 2 – capacity development	Limited skills and knowledge among farmers on plant protection, nutrition and post-harvesting technology	Coaching and training on plant nutrition, protection and post-harvesting by exporters, experts or extension services	Improve skills and knowledge of women farmers	Improved product quality, increased value added	Increased trade of high value-added MAPs and other products
	Limited knowledge about cost-effective processes and technologies	Local experts and exchange visits can be effective in replicating existing successful models	Increase skills and knowledge	Cost decrease, improved quality of product	
Component 3 – vertical and horizontal cooperation	Lack of cooperation between individual farmers	Support cooperation and build business models of effective cooperatives; Facilitate collaboration between VC actors	Increase cooperation and bargaining power of women farmers; Improve relational ties	Increased competitiveness of small-scale farmers	Increased trade of high value-added MAPs; Increased incomes
	Limited understanding of chain organization benefits, limited adoption of contract farming	Training of farmers on different topics such as benefits of cooperatives, group organization, bookkeeping and farm management	Increase cooperative action, improve relational ties and contract farming	Lower transaction costs and lower risks	
Component 4 – access to finance	Women's access to finance very limited	Support for business planning and IPARD applications and other grants	Increase access to finance	Increased investment	Increased production

8.2.2 Gourmet and traditional food

The growing rural tourism sector, the increased awareness of customers about the benefits of slow food and the revival of traditional cuisine in many areas of the country have positively affected the development of the gourmet and traditional food value chain. Despite the positive trends in the economic and social environment, there are considerable challenges at firm and network level that need to be addressed in order for the artisanal food market to boom. Small specialist food businesses have supply chain and marketing problems. Medium-sized firms don't just have a supply chain problem. They also frequently have an operations issue. They need to figure out how to move from making products by hand to mechanizing certain steps in their production process, without losing quality. Hence, strategies that aim to promote this value chain should take into consideration the opportunities provided by the external environment and the challenges and weaknesses at firm and network level.

Some of the strategies identified include the following:

Market penetration: Considering the stagnation of the market for the majority of the traditional products produced by large-sized companies, the research team views market penetration as a non-starter for small producers. Medium-sized producers may have some opportunities to increase their market penetration in some important cities (especially producers such as Leopard Ltd. that target middle and high-income customers). However, the prospects for strong growth are limited.

Product development: While large producers are facing difficulties in developing their products, some small producers have been successful in doing so (there are some good examples in Puka). Dried fruits and alcoholic beverages made from aromatic plants are just a few examples of products that have been made more recently by some small producers. However, reaching early adopter customers remains a difficult task, especially because these products are sold at premium prices. Focusing on marketing elements such as branding, labelling and distribution can be crucial for product development to be a successful strategy.

Market development: Large processors such as Sidnej Ltd. are targeting new markets abroad. However, the annual sales in these markets are very small compared to overall production. The domestic market remains the most important one. Hence, for the time being, there are no significant opportunities for market development. Small processors may have some good opportunities in targeting new local customers such as accommodation and food services. There are some success stories in Korça and northern regions of Albania such as Tropoja and Shkodra, where bed and breakfast accommodation units source many products from local producers. However, many hotels, bed and breakfast accommodation units and restaurants buy processed food produced by large-scale producers. Better organized supply chains and competitive pricing for some processed foods such as jams can lead to a market share increase for small producers.

Diversification: This strategy appears to have paid off for many small producers. From very innovative types of cheese (for example, Veleçiku), to “trani” (the women of Polena village), “gliko” (the Permeti group of women) and so on, there are many cases of small producers selling to tourists, visitors, traditional restaurants and bed and breakfast accommodation units. These products have higher gross margins than processed food produced by large-scale industry. Despite being a profitable activity, there are only a few outlets for artisanal products. Nevertheless, the accommodation and food services market is not fully explored, and, as mentioned earlier in the report, medium-sized producers can target new markets such as pastry producers with innovative products. Table 40 provides an overview of the different strategies that can be implemented.

Table 40: Product / market matrix for the gourmet and traditional food value chain

	Current products	New products
Current markets	Market penetration strategy <ul style="list-style-type: none"> Screening for new geographical areas in the domestic market for medium-sized producers Better supply chain coordination Develop marketing strategies for medium-sized firms 	Product development strategy <ul style="list-style-type: none"> Improve commercialization of products such as trani and gliko, and develop new products with promising prospects based on traditional recipes Investment in packaging, labelling and branding Investment in small and flexible equipment suitable for low volumes and wide variety Training on new products and processes, and how to scale up production of traditional food
New markets	Market development strategy <ul style="list-style-type: none"> Target accommodation and food services in rural areas as new promising markets Strengthen short supply chain between producer and restaurants Increase production for small producers Training on sales, marketing, and business to business (B2B) networking with specialist shops 	Diversification <ul style="list-style-type: none"> Support product diversification based on well-designed product mix strategies targeting accommodation and food services in rural and urban areas Create outlets for locally produced food including gourmet and traditional food production Training on new products and processes, and how to scale up production of traditional food Investment in small and flexible equipment suitable for low volumes and wide variety

Based on our value chain analysis and needs assessment, market development and diversification strategies are the most suitable to be pursued by small producers considering the fierce competition from large-scale industry. The following section will elaborate on interventions that can tackle challenges at the levels of production, cooperation, supply chain and marketing. In contrast with the MAPs sector, the gourmet and traditional food sector is very heterogeneous at company level, in product mix and supply chain dynamics. Hence, the research team opted for a different approach to the design of the intervention strategy.

Investment under grant schemes for the gourmet and traditional food value chain

We divided investment for this value chain into two main categories: (1) investment at production level and (2) investment to improve the commercialization of products.

(1) Investment at production level

Investment in buildings (warehousing and processing) – Fruit, vegetable and milk processing businesses should have hygienically-designed buildings to prevent product contamination. Lately, sandwich panels have been used to construct this type of facility, but other materials can also be used. The size of the building depends on the quantity and type of products that are processed there. Typically, more than 100 m² are

needed. The construction of dedicated buildings needs to take into account the volume of production, product mix and the number of women engaged. This type of intervention can be considered for groups of women.

Investment in equipment – In order to increase the production of value-added products such as jam, canned fruit and vegetables and juices, the following types of equipment are needed:

- Boiling pans (at smaller scales of operation, a simple stainless-steel pan can be used)
- Dryers or dryer tunnels
- Manual fruit presses for juice production
- Basic equipment such as buckets, tables and stainless-steel knives
- Heat sealers that melt and press plastic to weld two layers together
- Jam thermometers able to withstand sudden changes in temperature
- Pressure cookers
- Cooker and vacuum evaporator
- Semi-automated filling machine (small capacity, for example, 50–100 jars per hour)
- Semi-automated capping machine (small capacity, for example, 50–100 jars per hour)

Investment to improve the commercialization of gourmet and traditional food – Especially including the following:

- Glass jars of 450 or 500 grams are often used for fruit and vegetables. Larger jars are required according to customer needs (for example, restaurants)
- Written labels for the packed fruit and vegetables
- Vacuum packaging machines

Table 42 provides a synthesis of interventions under the grant scheme and their expected outcomes and impacts. Intervention costs may vary depending on many factors, such as level of machine flexibility (the variety of products that can be processed), capacity and level of automation. Hence, the research team did not provide a list of equipment and their respective prices. However, interventions may range from EUR 1 000 for individual producers (of gliko, for example) to small-scale, semi-automated lines that can cost between EUR 10 000 and 30 000. These estimates are made using different data sources, including interviews and specialist websites.

Table 41: Investment interventions under grant schemes for the gourmet and traditional food chain

Problem / opportunity	Investment action under grant scheme	Target group	Outcome	Impact	Capacity building, assistance and other services
Small-scale individual producer					
Lack of financial resources by small producers of gourmet and traditional food to invest in processing and packaging; Increasing demand for some unique products.	Investment in small-scale equipment; Investment in packaging and labelling.	Individual women, owners of bed and breakfast or other accommodation services	Increased production; Improved product quality and image.	Increased income	B2B linkages; Support in creating a label, and eventually a brand for the product/s.
Larger producers					
Lack of resources to scale up production; Lack of diversification, focus on some products only; Lack of market knowledge; Growing demand for some local products.	Pilot projects in a tourism area focused on producing and commercializing local products; Widening the product mix; Investment in equipment for the production of high value-added products; Investment in processing facilities and small shops; Investment in packaging and labelling.	Groups of women engaged in production of gourmet and traditional food	Increased competitiveness of groups; Improved product mix.	Increased income	Train women in the production of value-added products; Training on sales; B2B linkages; Support in creating a label, and eventually a brand for the product/s.
High on-farm losses, due to lack of cold storage and / or of processing capacities for third grade fruit.	Pilot project that aims to combine farm tourism, small-scale processing of fruit or other products, and a point of sale for these products.	Individual producers, groups of women	Increased diversification	Increased income	Careful selection of a farm that has the prerequisites and potential to develop this type of business model.
Lack of knowledge among medium-sized industrial producers about new products for specific end-markets.	Pilot project focused on product development.	Medium-sized industrial producers	Diversification of production; Increased value added.	Increased trade of high value-added products	Provide international expertise for product and process development.

Vertical and horizontal cooperation enhancement

Vertical cooperation: Strengthening cooperation and local networks is one of the most important factors aimed at promoting the gourmet and traditional food value chain. The nature of these particular supply chains calls for better coordination with some of the buyers, including accommodation and food services, small groceries and specialist shops. We suggest the following approach and activities to build and strengthen local networks:

- Information exchange can be ensured through meetings, publication of product and price lists, roundtables, testing sessions and other activities. The aim of these activities is to inform potential buyers about available products and gain their feedback.
- Small promotional stands can be installed inside restaurants, hotels or bed and breakfast accommodation units in order to promote products, their origin and individual or groups of producers.
- Applying a territorial marketing approach that can pursue the interest of small firms operating in both the tourism and gourmet and traditional food sectors. Activities that can be supported include local fairs and traditional festivals.

Horizontal cooperation: Small volumes produced by individual women, especially in rural areas, constitute one of the main problems for product commercialization. The following activities are suggested:

- Technical assistance and coaching in establishing and managing a farmer group, an ACA or a cooperative. Production methods that ensure product consistency, territorial or association branding, development of a successful product mix, sales and distribution are some important topics to be addressed.
- Training on subjects such as cooperation, management, role division, bookkeeping and access to finance.

Capacity building interventions

Service providers that specialize in marketing should be involved in the most important intervention focused on capacity building. They can participate in the following activities:

- Designing and implementing actions to improve marketing mix for women entrepreneurs or groups of women engaged in the gourmet and traditional food sector.
- Packaging, labelling and branding.
- Supporting selected beneficiaries with a concrete action plan in order to increase the number of clients and sales.

Integrated log-frame for the gourmet and traditional food value chain

Table 42: Integrated log-frame for the gourmet and traditional food value chain

Pillar	Problem /need	Proposed action	Objective	Outcome	Impact
Component 1 – investments under grant schemes	Lack of financial resources by small producers to invest in processing and packaging.	Investment in small equipment; Investment in packaging and labelling.	Improve quality and increase quantity of processed and packaged products	Increased access to inputs	Increased trade
	Lack of resources to scale up production; Lack of diversification, focus on certain products only; Lack of market knowledge.	Pilot projects in a tourism area and commercialization of local products, including fresh and processed food; Intervention includes investment in equipment, processing facilities, packaging and labelling and a point of sale.	Create an effective business model – “from farm to customer”	Increased competitiveness of small-scale farmers	
	High on-farm losses, due to lack of cold storage and / or of processing capacities for third grade fruit.	Pilot project that aims to combine farm tourism, small-scale processing of fruit or other products, and a point of sale for these products.	Increase production of value-added products	Increased sales	
	Lack of knowledge among medium-sized industrial producers about new products for specific end-markets.	Pilot project focused on product development.	Support diversification strategies	Improved quality and increased variety	
Component 2 – capacity development	Limited skills and knowledge among farmers on marketing, product mix, distribution, etc.	Support by specialist service providers on packaging, labelling, sales, business contacts, etc.	Improve marketability of products	Improved product quality and value added	Increased trade
	Limited knowledge about cost-effective processes and technologies.	Training on production methods, product innovation, etc.	Increase skills and knowledge	Improved product quality	
Component 3 – vertical and horizontal cooperation	Lack of cooperation between individual farmers.	Support cooperation and build business models of effective cooperatives.	Increase cooperation	Increased competitiveness	Increased trade
	Lack of networks with local shops, accommodation and food services.	B2B meetings, roundtables, printing of promotional materials, organizing joint initiatives for territory promotion, etc.	Market development for small-scale farmers	Increased sales, lower risks	
Component 4 – access to finance	Women’s access to finance is very limited.	Support for business planning and applications for IPARD and other grants.	Increase access to finance	Increased investment	Increased trade

8.2.3 Beekeeping

Value chain promotion strategy

The nature of the supply chains and consumer behaviour that characterizes trade in the honey value chain has a strong effect on the type of strategies best suited for value chain promotion. Short supply chains and widespread use of social networks represent typical marketing channels. However, new trends such as increased volumes of exported honey and the expansion of supermarket chains offer fresh opportunities for some large producers. Accordingly, strategies for upstream value chain actors need to be adjusted to these recent trends.

Some of the identified strategies include the following:

Market penetration: Considering the growing consumption of honey in the domestic market, increasing production appears to be the most effective strategy to support poor farmers, including women in rural areas, to diversify their income. However, larger producers show some difficulties in reaching customers in major markets such as Tirana or Durres. Producer to customer marketing channels have shown their limits, since most transactions are based on personal networks and it is quite challenging to reach new customers using this type of marketing channel (for example, the Dokaj family). In other areas such as Korça, where large processors such as Morava Ltd. operate, the consolidation of large honey producers is a viable strategy. Nevertheless, small producers can succeed in commercializing their products without significant difficulties (for example, small producers in Polena, Korça region, sell directly to other inhabitants of the area).

Product development: Some large producers are facing difficulties in commercializing their products, including honey. Social networks are not sufficient because volumes are increasing in size. Interviews with the value chain actors showed that beekeepers lacked tangible branding items that could effectively advertise and ultimately certify their organic honey. In some cases, branding and subsequent labelling lacked barcodes, so the products could not be sold to supermarket chains. Success stories from Morava Ltd. or other producers demonstrate that improving processing and branding can lead to better access to some markets in the urban areas of Albania. The implementation of a product development strategy can generate very good results for large producers only. Smaller ones have little interest in implementing such strategies.

Market development: Large processors such as Morava Ltd. are targeting new markets abroad. The strategy appears to have paid off and the entrepreneur's ambitions are to expand in this direction because profits are much higher compared with the domestic market. These developments have led to changes in the way that small honey producers – now suppliers of Morava Ltd. – develop their businesses. Finding customers is no longer the main challenge: increasing production and supply to the large processor is becoming more important.

Diversification: Beekeepers can expand their efforts by exploring the production of high value-added products such as wax, propolis and other sub-products like propolis tincture and candles. Diversification appears to have a positive effect on profits (in the case of the Dokaj family). Despite being a profitable activity, there are only a few beekeepers engaged in the production of these value-added products. The required knowledge is significant and more effort is needed to sell these products. Therefore, many beekeepers are reluctant to diversify.

Table 43 provides an overview of the different strategies that can be implemented.

Table 43: Product / market matrix for the apiculture value chain

	Current products	New products
Current markets	Market penetration strategy <ul style="list-style-type: none"> • Increase production of honey for small producers • Implications: <ul style="list-style-type: none"> ○ Value chain coordination ○ Investment in beehives and equipment 	Product development strategy <ul style="list-style-type: none"> • Improve commercialization of honey • Implications: <ul style="list-style-type: none"> ○ Investment in packaging, labelling and branding ○ B2B contacts with supermarkets or similar retail chains
New markets	Market development strategy <ul style="list-style-type: none"> • Export of honey • Development of new supply chain: producer–large processor–export markets • Increase production for small and large producers • Investment in beehives and equipment • Implications: <ul style="list-style-type: none"> ○ Better coordination with buyers (large processors) ○ Certification of produce ○ Training on organic honey production and quality control 	Diversification <ul style="list-style-type: none"> • Product diversification – production of propolis, wax, candles, cosmetics (lip balm, moisturizing lotions, cold creams) and other value-added products • Implications: <ul style="list-style-type: none"> ○ Training on extraction techniques, use of solvents, preparation of candles and cosmetics ○ Investment in small equipment and raw materials ○ Certification

Market penetration and development strategies can be easily implemented because the amount of investment that is needed to increase production is cost-effective and can lead to quick wins, especially for small producers. Diversification and product development strategies require more resources, knowledge and coordination. Considering the gender-sensitive and pro-poor approach of the project, interventions that lead to the implementation of such strategies can be piloted.

Investment under grant schemes for the apiculture value chain

Investment to increase honey production. Beehives and electric centrifuges are the most important investments for honey production. Centrifugal extraction allows for the quick processing of large quantities and produces honey with the least amount of contamination by other hive materials. Sourcing bees is another important aspect. In sourcing stock for the establishment of a new apiary, it is imperative that careful selection is undertaken to ensure the genetic qualities of any particular line. Table 44 provides an investment plan for 50 beehives.

Investment in equipment for product diversification. In order to increase the production of value-added products such as wax or propolis, easy-to-use equipment is needed.

- A solar wax melter is a type of energy efficient equipment that uses solar energy to melt the beeswax with water so that the debris sinks and the purified wax floats to the top.
- Moulds to produce candles.
- Packaging materials for cosmetics.

- Double boilers and other small equipment needed for the production of cosmetics.

Investment to improve the commercialization of honey and other products:

- Stackable, plastic buckets with tight-fitting lids are the most appropriate methods to transport honey in large quantities.
- Glass jars (450 or 500 grams in size) are often used to package honey. Packaging materials are one of the factors that determine value added to organic products such as honey. However, other types of packaging both in terms of size and material can be tested.
- Written labels²³ for packed honey – labelling can lead to the creation of unique brands (name, term, sign, symbol or design).

Efforts to improve packaging and labelling can be justified only for some large producers who are facing difficulties in dealing with a large number of customers.

Table 45 below provides an overview of the interventions under the grant scheme and Table 46 provides data on the amount of financial resources needed for specific investments.

Investment needs for honey production

The following are the main investment costs for 50 beehives as documented in the study on diversification by FAO (2013). Some of the main costs are based also on comparative assessments made by Luciano Leonetti (international consultant):

- A good hive including a brood-box, queen excluder and super chamber costs approximately EUR 35–50.
- One jar may vary from ALL 20 to 88 according to the dimensions, which are between 580 and 2 000 grams.

Other equipment is also needed, as shown in Table 44 below.

Table 44: Investment needs for 50 beehives

Investment specification	Cost (in EUR)
50 beehives with <i>antivaro</i> floor	2 500
Electric centrifuge cassette	1 500
Tub for unsealed frames	200
Tub (dish) for unsealing frames	60
Electric equipment for unsealing frames	600
Wax-melting equipment for beehives (electric or gas-based)	500
Packing machines	3 500
Construction of a room for honey extraction	10 000
Total investment	18 860

Source: FAO, 2013.

²³ The label should include the following text: (1) contents: honey; (2) source of the honey (for example: mountain flower honey, pine tree honey, chestnut honey); (3) district where it was produced; (4) name and address of the beekeeper; (5) the weight of honey in the container; and (6) the packing date.

Table 45: Investment interventions under grant schemes

Problem / opportunity by value chain actor	Investment action under grant scheme	Target group	Outcome	Impact	Capacity building, assistance and other services
Small-scale beekeepers					
Lack of financial resources for small-scale beekeepers; Increasing demand for honey; A consolidated tradition of trade from producer to customer.	Investment in new beehives (e.g. 5–10 per family); Investment in equipment based on cooperatives.	Group of women or individual women farmers.	Increased production of honey	Increased income	Training based on modern beekeeping.
Medium and larger-scale beekeepers					
Lack of diversification; Focus on honey production; Growing demand for some value-added products such as wax or propolis and their sub-products such as cosmetics, candles etc.	Pilot projects focused on diversification and widening product mix; Investment in equipment for the production of high value-added products.	Advanced beekeepers or small clusters in rural areas where there are opportunities for clusters.	Increased competitiveness of small-scale farmers	Increased income	Involving women in the production of value-added products using labour intensive methods; Training on commercialization; Creating trade links.
Inadequate amount of high quality honey in the area of Korça where the major processor in Albania is operating; Export-oriented firm is expanding into new markets in China, USA and Europe.	Investment in new beehives in selected areas with potential for honey in high demand in export markets.	A cluster of beekeepers in the area with members of beekeeping association.	Increased production of honey; Improved quality of product	Increased volumes and increased income	Training / coaching on quality control and processing; Strengthening a vertical network led by Morava Ltd.
Inadequate equipment and honey processing methods; Inadequate packaging and labelling; Potential to reach customers in urban areas through large retailers.	Pilot project focused on mechanization and modernization of processing; Provision of labels and packaging.	A group of beekeepers in a specific area that consistently produce high quality, organic honey.	Improved product quality; Increased value added	Increased trade of high value-added honey	B2B linkages; Geographical indication branding.

Table 46: Financial resources needed for investment

Intervention type by value chain actor	Amount	Farm size, technology and capacity, etc.
Small and large-scale beekeepers		
Beehive	EUR 25–50	N/A
Electrical centrifuge	EUR 1 500	N/A
Honey extractor	EUR 2 500–6 000	60 frames
Honey extractor (hard turn)	EUR 500–700	6–8 frames
Simple fusion machinery equipment (manual)	EUR 150	N/A
Solar melters	EUR 50	N/A
Electric melters	EUR 1 300	200 litres
Complete pumps	EUR 2 500–3 000	N/A
Uncapping machines	EUR 3 000–5 000	N/A
Smokers	EUR 30–60	Stainless steel
Jars	EUR 0.30	

Vertical and horizontal cooperation enhancement

Vertical cooperation

The short supply chains adopted by almost all producers leave little room for vertical cooperation in this value chain. However, in some regions like Korça, the presence of large processors has changed the dynamics of the marketing channels. We suggest the following approach to strengthen vertical coordination where it is needed:

- Large processors such as Morava Ltd. have raised concerns about the lack of quality of honey and the low volumes supplied by local producers. This company purchases honey in different regions from a very large number of small processors (Gezim Skerma, 2016, interview). The company is trying to coordinate more effectively with local producers to increase volumes and improve quality. The project can build on the experience acquired by the company and the local association of beekeepers in order to strengthen this network by including a small cluster of women that can be trained and supported by the project and the pre-established network.
- In areas where the tourism sector is developed, local producers in collaboration with extension services and project staff should promote the creation of networks between producers, and owners of, for example, accommodation facilities and restaurants. This can lead to the creation of slow food chains that are sustainable and celebrate local produce.

Horizontal cooperation

The research team's findings show that horizontal cooperation in this VC is limited. There is strong distrust among honey producers regarding the quality of the honey produced by others. Any effort to change this situation needs to be carefully designed. It is only in rare cases that honey producers sell their produce and that of their neighbours and friends. Under certain circumstances, the following pilot project approach could eventually lead to positive results:

- Establishment of collection centres for marketing purposes. These centres can be used for proper honey processing and packaging, and ultimately sales and marketing as well.
- Branding the product based on geographical indication.
- Creating and strengthening marketing channels and B2B linkages.
- Training farmers on running an enterprise, focusing on management, accounting, organization and marketing elements.

Capacity building interventions

Specialized assistance and training can be provided by experts on different aspects depending on the target group and including:

- Training on modern beekeeping;
- Training and coaching on quality control, processing, marketing and so on.

Integrated log-frame for the apiculture value chain

Table 47: Integrated log-frame for the apiculture value chain

Component	Problem /need	Proposed action	Objective	Outcome	Impact
Component 1 – investments under grant schemes	Lack of financial resources among small beekeepers	Investment in new beehives (e.g. 5–10 per family); Investment in equipment on a cooperative basis.	Increase number of local women engaged in beekeeping	Increased production	Increased income and trade
	Lack of diversification; Focus on honey production only	Pilot projects focused on diversification and widening product mix; Investment in equipment for the production of high value-added products.	Widen product mix	Increased competitiveness of small-scale farmers	
	Inadequate amount of high quality honey in the area where the larger processor of Albania is operating	Investment in new beehives in selected areas with the potential for honey in high demand in export markets.	Increase production of value-added products and strengthening of supply chains	Increased volumes and improved product quality and value added	
	Inadequate equipment and methods used to process honey	Pilot project focused on mechanization and modernization of processing; Provision of labels and packaging.	Improve honey processing and commercialization	Improved product quality and value added	
Component 2 – capacity development	Limited skills and knowledge among beekeepers	Training on the basics of undertaking modern beekeeping; Training and coaching on quality control, processing and marketing, etc.	Improve skills and knowledge of women farmers	Improved product quality and increased value added	Increased trade of high value-added products
Component 3 – vertical and horizontal cooperation	Lack of cooperation among beekeepers	Support for cooperation and building business models based on effective cooperatives.	Increase cooperative action	Increased competitiveness	Increased trade of high value-added products
	Limited understanding of the benefits of chain organization	Strengthen cooperation with large processors such as Morava Ltd.	Improve relational ties and contract farming	Lower transaction costs and lower risks	
Component 4 – access to finance	Women's access to finance is very limited	Support for business planning and applications for IPARD and other grants.	Increase access to finance	Increased investment	Increased production

8.2.4 Intervention strategy for other businesses in sectors with potential for diversification

Investment under grant schemes for some selected business models or sub-sectors

The number of business models in other sectors and sub-sectors that provide opportunities for diversification is quite large. The research team has focused on several already discussed within this report.

Following the good practices of GIZ and recommendations by other studies (for example, FAO, 2013) and based on some of the findings of this study, we can identify different interventions for the tourism sector. For example, GIZ has supported families in Valbona and Thethi with small grants of EUR 2 000 which were used for small investments to upgrade traditional houses for the accommodation of tourists (FAO, 2013). Some projects implemented in the early 2000s were more focused on upgrading hygiene in bed and breakfast accommodation units in these areas (Luan Dervishi, 2016, interview). The following are some examples of potential investments under the grant scheme:

- Reconstruction of traditional houses;
- Improvement of hygiene;
- Upgrading kitchens.

Aquaculture is another sector with some potential in several districts within our study areas. As previous examples suggest, trout cultivation can be integrated with agro-tourism. In these cases, investment in accommodation facilities can be effective to change the business model. However, such interventions may be costly, and given the type of grants suggested in this strategy, this approach may not be viable. Although we have not identified cases of accommodation services that have added trout cultivation to their productive activities, interviews with value chain actors suggest that it is feasible. In this case we suggest a focus on:

- Concrete tanks for trout cultivation;
- Other necessary equipment.

Diversification of fruit cultivation, especially in the areas of Berati and Vlora, appear to have produced some good results. The cases studies presented here show that increasing the production of pomegranates and figs has some excellent potential in specific areas where there is an existing network of farmers, processors and traders that either add value to the products (figs) or commercialize these products (pomegranates). Potential investment to increase production and value added include:

- New fig plantations in Berati;
- New pomegranate plantations in Berati and Vlora;
- Equipment for pomegranate juice extraction and fig drying.

Capacity building interventions

Since most of the suggested interventions are either located in particular areas or are pilot projects, the research team suggests that specialized assistance and needs-based coaching can be provided to beneficiaries by experts. However, for pilot projects, the following business development services and capacity building activities can be considered:

- Business model analysis, investment planning;
- Marketing and promotion initiatives;
- Staff training depending on pilot project (for example, trout cultivation, bed and breakfast services and hospitality).

For projects focused on pomegranate and fig cultivation, service providers can be involved in the following activities:

- Training and coaching on farming technology (in collaboration with extension services);
- Training and coaching on post-harvesting and processing technologies.

Vertical and horizontal cooperation enhancement

Vertical cooperation is very important for farmers engaged in fig and pomegranate cultivation:

- Strengthening vertical cooperation with the export company in Uznove, Berat is crucial for ensuring access to markets for many farmers living in the villages of Uznova and Roshnik. Strengthening this cluster could be very effective in increasing exports and value added for this product.
- There has been a strong interest from Italian exporters like Jolly Red Ltd. in increasing the cultivation of pomegranates in the area of Orikum in Vlora. Similar initiatives have been identified in Berat too. Furthermore, many Albanian exporters have increased their demand for this fruit. Cooperation with these companies may lead to a significant increase in production.

Horizontal cooperation: Access to markets for farmers cultivating fruits can be much easier when the area they are located in produces large volumes. Building clusters in some areas or strengthening existing ones can be beneficial for both farmers and downstream actors and value chain drivers. Traders and processors can lower their transportation and transaction costs, while knowledge can spread out easily among farmers. The following activity is suggested:

- Technical assistance and coaching in establishing and managing a farmers' group, an ACA or a cooperative.

Table 48 depicts the log-frame for the selected models in some value chains that offer good potential for women's economic empowerment. Table 49 provides additional information about the cost of investment for each of the interventions under the grant scheme.

Integrated log-frame for other value chains and sub-sectors

Table 48: Integrated log-frame for other value chains

Component	Problem / need	Proposed action	Objective	Outcome	Impact
Component 1 – investments under grant schemes	Lack of available accommodation services.	Pilot project for the reconstruction of traditional houses.	Increase number of employed in the tourism sector	Increased production	Increased income and trade
	Lack of hygiene and other services in some bed and breakfast accommodation units in rural areas.	Small investment in upgrading bathrooms and kitchens; Investment in equipment for the production of local products at home.	Improve quality of services	Increased competitiveness of small accommodation services	
	Trout cultivation profitability is decreasing.	Pilot project focused on transforming a trout cultivation business into an agro-tourism business.	Increase employment and profitability	Innovative and profitable business models	
	Lack of diversification in the fruit sector; Low supply for the processing industry for some fruits.	Cultivation of pomegranates in some areas of Berat and Vlora; Cultivation of figs in the area of Uznove, Berat; Support with simple equipment for extracting pomegranate juice and for drying figs.	Increase cultivation of high value-added fruits	Increased employment and diversification	
Component 2 – capacity development	Limited skills and knowledge.	Training and coaching on a needs basis for pilot projects.	Improve skills and knowledge of women	Improved product quality; Increased value added	Increased trade
Component 3 – vertical and horizontal cooperation	Lack of cooperation between beekeepers.	Support cooperation between women farmers.	Increase cooperative action	Increased competitiveness	Increased trade
	Limited understanding of chain organization benefits.	Strengthen cooperation with large processors.	Improve relational ties and contract farming	Lower transaction costs; Lower risks	
Component 4 – access to finance	Women's access to finance is very limited.	Support for business planning and applications for IPARD II and other grants; Support debt financing.	Increase access to finance	Increased investment	Increased production

Table 49: Financial resources needed for investment

Intervention type by value chain actor	Amount	Farm size, technology, capacity, etc.
Reconstruction of traditional houses	EUR 40 000–50 000	100–120 m ² house surface area
Improvement of hygiene services	EUR 1 500–3 000	10–20 m ² of bathroom, laundry, etc.
Improvement of kitchens	EUR 1 000–2 000	N/A
Concrete tanks for trout cultivation	EUR 3 000	100–120 m ² surface area
Cultivation of pomegranates	EUR 250–400 for seedlings only	50–80 plants per dynym, depending on the terrain
Cultivation of figs	EUR 50–60 for indigenous seedlings only	25–30 plants per dynym, depending on the terrain

8.3 Getting started

The correct sequencing of actions will ensure the effectiveness and efficiency of the intervention strategy. The following represents a list of actions to be carried out during the first months of project implementation:

1. Identify, in collaboration with extension services and local government representatives, clusters or groups of women that have good potential for the creation of cooperatives. Identify areas that have good prospects for specific value chain promotion initiatives. Using this approach, the project implementation unit will be more efficient in building a network of potential beneficiaries and other stakeholders.
2. Implement some “secure” and “easy” interventions under the grant scheme that result in “quick wins” at the micro level. Investment in some pilot projects in cultivation of MAPs, pomegranates, figs and so on can build trust among women farmers and other project stakeholders and actors.
3. Organize a series of meetings and workshops with VC drivers and other important stakeholders to: (1) identify actors committed to collaboration; (2) identify potential specific capacity building projects; and (3) build bridges of communication between local government, VC actors and other stakeholders.

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Annex 1: Semi-structured interview schedules

Former and current policy stakeholders and national experts

Date: _____

I. GENERAL INFORMATION

1.1 Contact person: _____

1.2 Function: _____

1.3 Gender: _____

II. VALUE CHAIN SELECTION

2.1 Growth potential

2.1.1 What are the prospects for future demand growth?

2.1.2 Who is buying these products? Are traders willing to buy more of the product?

2.1.3 At what price can the product be supplied to the consumer? Is it competitive?

2.1.4 What are the competitive advantages of producers (cost, product characteristics)?

2.1.5 Is there potential for product improvement and innovation?

2.2 Poverty alleviation potential

2.2.1 What are the barriers to market entry for poor producers?

2.2.2 Will growth in this specific VC generate additional employment?

2.2.3 Is there growing competition in this sector? Does the VC offer the possibility of improving (or at least maintaining) the current distribution of benefits along the value chain?

2.2.4 Is there a risk of replacing unskilled workers or women?

2.3 Women's economic empowerment potential and other pragmatic issues

2.3.1 Does the value chain provide opportunities for women to enhance their access to and use of information and skills to improve their productivity and income? What specific potential does it have in this regard?

- 2.3.2 Does the value chain offer any potential for the product to increase income generating activities for women?
- 2.3.3 Does this value chain contribute to enhancing women's capabilities in networking?
- 2.3.4 Does the involvement of women in this value chain have the potential to increase local government priority issues (for example, less discrimination, listening to women's voice)?
- 2.3.5 What marketing opportunities do the products in this value chain offer for poor women to earn income?
- 2.3.6 Does the value chain offer the possibility to diversify from usual farming / agricultural production?
- 2.3.7 Does the value chain offer other economic activities not directly linked with the farming activity, such as farm processing and marketing at farm gate level? What is the role of women in the chain? Are there opportunities for product, process and channel upgrading?
- 2.3.8 Are there any groups of women producers / entrepreneurs that have succeeded in this particular VC / product?
- 2.3.9 Is there any potential to add value to existing products produced by women?
- 2.3.10 What kinds of interventions might prove successful in improving economic activities conducted by women? What would be the impact of such interventions? Could you provide some estimations on costs?
- 2.3.11 Are local groups ready to collaborate and cooperate in implementing these interventions?

2.4 Assessment of previous experiences

- 2.4.1 Which has been the most successful approach among those applied by different donors / programmes / projects? Why (discuss)?
- 2.4.2 Which were the most successful support schemes applied in the past (subsidies to inputs / fiscal reductions, share of investments, matching grants, FIP, soft loans, etc.) Why (discuss)?
- 2.4.3 Have there been or are there examples of successful cooperation activities (e.g. cooperatives / SHBB or producers' groups)? Which are they and why have they succeeded? What are the reasons for failure?
- 2.4.4 Which type of approach would you recommend to develop more cost-effective interventions (e.g. capacity building and investments)?

VC actors

Date: _____

I. GENERAL INFORMATION

1.1 Contact person: _____

1.2 Function: _____

1.3 Gender: _____

1.4 Name of the company: _____

Legal status of service providers (public, private, family business, registered company etc.)

Location (region, district, city / village)

1.5 Business description: Geographical coverage: _____

Number of employees (formal, seasonal, gender): _____

Volume of production: _____

Turnover: _____

How long have they been in this
business? _____ years

The following research topics (and related specific questions) are used to analyse the value chain and assess needs for investment and capacity development

II. PRODUCT

2.1 List the main products sold by your company. What quantity of the product is sold, where and when?

Products	1. Raw material	2. Semi-processed	3. Processed

2.2 What packaging do you use? What packaging and containers do shopkeepers and consumers want?
Can you supply these?

2.3 Are you trying to introduce new products in the market?

Identify range of product mix (variety) and level of product innovation.

III. CONSUMER ATTITUDES

3.1 Do customers like your product or will you have to change the recipe?

IV. MARKET

4.1 What quantities of the product are already being sold in the area? Please specify the most important markets (geographically).

4.2 Is the existing supply adequate to meet the demand, or is there a shortage?

4.3 Does the market have different segments according to the type and quality of the product or according to the type of consumer? Is the potential market limited to some types of buyers?

4.4 Is demand seasonal? Please explain. Are there any implications for your company? Please specify.

Identify market strategy (market penetration, product development, market development, diversification).

V. COMPETITION

5.1 Who are your main competitors? Can you compete on price / quality with other products? Please elaborate on your competitive position.

5.2 How do you set your prices (market-based pricing, competitive pricing, introductory pricing, prices for different sizes, geographical pricing, cost-plus pricing)? Why?

Identify market strategy (market penetration, product development, market development, diversification) and role of service providers.

VI. CAPACITY AND CAPACITY USAGE

6.1 Please specify projected capacity and actual output. If the capacity usage is low, explain why (bad planning, low demand due to internal or market factors, technology shortcomings, etc.).

Identify whether potential is fully exploited and the reasons behind eventual shortcomings.

VII. PROCESSES AND TECHNOLOGIES

7.1 Which are the most important processes? What technology do you use? Is the technology expensive? Please elaborate.

Identify the cost-effectiveness of the technology used. Is it a viable solution?

VIII. DISTRIBUTION CHANNELS AND SUPPLY CHAIN

- 8.1 How is your product distributed (directly to consumers, distributors, wholesalers, supermarkets, groceries, etc.)? How do you deliver products, when and in what quantities? How many buyers do you have? Do you use your own transport?
- 8.2 How many suppliers do you have? Are there sufficient raw materials available? What about cost – quality? How do you get the information about potential suppliers?

Identify the impact that a firm has in its supply chain and assess its distribution strategy.

IX. PROMOTION

- 9.1 What types of promotion do you use (advertising, point-of-sale displays, free samples, word-of-mouth, coupons, special prices, free publicity)? Please comment (cost-effectiveness if data are available). Do you have a promotion strategy?
- 9.2 Do you have a “brand name”? if not, are you going to give your product a “brand name”?

Identify promotion strategies needed to fully exploit the potential in terms of market reach.

X. PRICE

- 10.1 How do you set your prices (market-based pricing, competitive pricing, introductory pricing, prices for different sizes, geographical pricing, cost-plus pricing)? Indicate pricing along the value chain.

XI. HUMAN RESOURCES

- 11.1 Are workers qualified? Do they lack skills? Gain comments regarding turnover, presence and role of women, young people, urban versus rural, turnover, informality, and so on (approximate if specific data are not provided).

Identify potential for employment and training, capacity development.

XII. GOVERNANCE

- 12.1 Do you sell to the same reliable buyers? Is it difficult for you to find buyers? Do you collaborate with others to sell your products (especially for farmers)?
- 12.2 How many suppliers do you have? Do you buy from the same reliable suppliers? Is it difficult for you to find suppliers? Why?
- 12.3 In the case of groups – describe the relationship between group members. What are the benefits?

Assess levels of coordination and cooperation and actions that are needed to improve them.

XIII. COSTS AND EARNINGS

13.1 What are the main cost drivers (utilities, labour, high costs of raw materials, transport)? Elaborate on this topic.

13.2 How much is your profit margin?

Assess the long-term performance of the firm (ROI ratio, years needed to return investment).

XIV. INVESTMENT

14.1 How much did you invest? Do you intend to increase your capacity production / diversify / improve technology?

Assess the long-term performance of the firm (ROI ratio, years needed to return investment).

XV. CERTIFICATION

15.1 Do you have any certificate, standard of quality, etc.? Please elaborate. Do you consider these standards to be important “tools” to compete?

Identify role of certification in accessing new markets.

XVI. FINANCIAL SUPPORT AND SERVICE PROVIDERS

16.1 Have you ever employed any BSP to support you on product development, product mix, process planning, management, booking systems, etc.? Did you contract any service provider to help you out?

16.2 Have you been supported by donors or other state-owned agencies? What kind of support was provided by donors, consultancy companies or other marketing service providers?

16.3 Is it difficult to apply for grants? What are the main obstacles? What can be done to ease the process?

16.4 Has the availability of IPARD / state support schemes changed the business in recent years? In what ways?

16.5 What is the role of LGU or other agencies?

16.6 Are there any additional barriers for women?

Identify the role of service providers, donors and other agencies in supporting investment and business performance.

XVII. NEEDS

17.1 What are the emerging opportunities in your VC? And challenges?

17.2 What do you consider to be your main needs? Are there any plans for the future?

17.3 List the main capacity development needs faced by women.

Identify needs in terms of infrastructure intervention, capacity building, etc.

XVIII. BUSINESS ENVIROMENT

- 18.1 What are the main external factors affecting your business?
- 18.2 What is the legal enforcement environment (more informal enterprises or less, polarization of few large and formal and micro-informal, grey area of medium-sized actors, etc.)?
- 18.3 What do you think is the main demand trend (higher quality products, cheaper products, typical products)?
- 18.4 To enhance your business, which infrastructure improvements (markets, roads) would be most important?
- 18.5 What are the main legal, social, educational, political and environmental opportunities for / barriers to addressing gender inequalities?

Assess business environment and identify potential external factors affecting business.

Annex 2: Focus group discussion guidelines (for producer association / organization members)

Date: _____

1. GENERAL INFORMATION

1.1. Number of respondents: _____ 1.2. Gender Male: _____ Female: _____

1.3 Name of the association / organization: _____

1.4 Location (region, district, city / village): _____

1.5 Status of the association / group: _____

1.6 Brief description of the association / organization (size, year of establishment, gender, age range of members, scope of work, etc.)

2. ACCESS TO FACTORS OF PRODUCTION

2.1 Does membership of the producer association / organization facilitate your access to any of the following resources:

	Yes	If yes, how	No	If no, why
Inputs (specify)				
Input 1				
Input 2				
Input 3				
Input 4				
Production training				
Capacity building				
Market information				
Cash / credits / loan extension services				
Others (specify)				

2.2 Do women and men members of the association have equal access to resources?

Yes No

2.3 Please provide explanations.

3. PRACTICES AND PARTICIPATION

3.1 What is the criterion for membership in the association or group? What do you need to become a member of the producer association / group?

3.2 Do you have to pay membership fees in order to participate in this association or group?

Yes No

3.2.1 If yes, how often are membership fees paid?

3.2.2 If yes, is there a flat rate for every potential member?

Yes No

3.3 Who decides how to distribute the benefits?

Men Women Jointly

3.4 How many members occupy leadership positions in the association or group?

3.4.1 How many of these leadership positions are occupied by women?

3.4.2 Is it difficult for women to occupy leadership positions in the association or group?

Yes No

3.4.2.1 If yes, explain why.

3.5 How often does the producer association hold its meetings?

3.6 Where and when are these meetings held?

3.7 Do women regularly attend these meetings?

Yes No

3.7.1 If no, explain why.

4. KNOWLEDGE AND BELIEFS

4.1 How does being a woman or a man give a person an advantage or disadvantage in being a producer?

4.1.1 List advantages for a man.

4.1.1.1 List disadvantages for a man.

4.1.2 List advantages for a woman.

4.1.2.1 List disadvantages for a woman.

4.2 Do you think that there are separate fields of work for women and men?

Yes

No

4.2.1 If yes, describe for men only.

4.2.2 If yes, describe for women only.

4.2.3 If yes, describe for both.

4.3 Do you believe that being a woman or a man helps someone in running for a leadership position?

4.3.1 If yes, how?

4.3.2 If no, why?

5. LAWS AND POLICIES

5.1 Are there any laws and policies that affect the activities of the producer association?

5.1 If yes, mention them and explain how.

ISBN 978-92-5-130447-1



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I8909EN/1/03.18