AGRICULTURAL MANAGEMENT,
MARKETING AND FINANCE
WORKING DOCUMENT

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The food supply and distribution system of Tirana, Albania

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Abbreviations and acronyms

ACIT	Albanian Centre for International Trade
ALL	Lek (Albanian Currency)
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FNAP	Food and Nutrition Action Plan
FSDS	Food Supply and Distribution System
GDP	Gross Domestic Product
GTZ	German International Cooperation Agency
INSTAT	Institute of Statistics
KM	Kilometre
LSMS	Living Standards Measurement Survey
MAFCP	Ministry of Agriculture, Food and Consumer Protection
MDG	Millennium Development Goals
MOE	Ministry of Economy
MOF	Ministry of Finance
MOH	Ministry of Health
NSSED	National Strategy for Socio-Economic Development
SAR	Stabilization and Association Report
UNICEF	United Nations Children’s Fund
WHO	World Health Organization

Executive summary

Metropolitan Tirana has experienced a drastic demographic change caused primarily by internal migratory flows. The demographic growth in Tirana has led to urban expansion and loss of productive land to the point that the regional food balance is now negative. An analysis of poverty distribution shows that urban areas have lower poverty levels and higher consumption rates per capita than rural areas. Tirana also has the highest socio-economic inequality rate: poverty levels average around 18 percent of the city population, vary considerably and are higher in the suburban mini-municipalities. The poor in Tirana are food-insecure. In 2005 the population of Tirana consumed 215 151 tonnes of food and is expected to consume 282 783 tonnes by 2016. The population is expected to reach 528 750 by 2016.

This report discusses a number of problems encountered in the effective management of food supply and distribution systems (FSDSs):

- City supply and distribution channels are characterized by fragmentation and confusion regarding role specialization.
- Consumers appear to be demanding higher standards of service in the food market (55 percent think that they have inappropriate market facilities and 68 percent see street selling as a problematic issue).
- There are 15 public markets in Tirana, although only 70 percent of this surface is currently exploitable, only 50 percent of the capacity is exploited in the meat market.
- Transport infrastructure near markets is also poor and is likely to deteriorate as food demand increases.
- Hygiene and maintenance conditions vary from market to market, but are generally poor.
- Sixty percent of fruits and vegetables sold year-round are imported from other countries, while rural areas of the Tirana district contribute only seven percent of the total supply.
- The lack of a medium-term regulatory plan for Tirana adds confusion to the markets' organization.

Some steps have been taken to address these market problems and growing demands. For example, in 2004, ALL2 456 million (US$24 560 000) were allocated by the municipality for public investments (the largest allocation in the last four years) in transportation and market improvement and upkeep.

The purpose of this document is to recommend other ways of improving the market system:

- Setting up and opening markets will obviously require involvement of public funds and/ or powerful donors. Investments in already established markets should be aimed at re-planning location and redesigning offered service mixes,and upgrading necessary infrastructure. Increased efficiency of the market system will create opportunities for eliminating the abusive and speculative component of marketing margins, thus allowing for a reduction of retail prices; if costs are lower, lower margins will be needed to cover them.
- Suburban 'informal' areas should be legalized and become attractive locations to establish markets and slaughterhouses. Central and local governments would lead programmes aimed at supply regulation and would work together in developing local capacities.

- Municipality staff should urgently be given some guidelines on effective management of the markets.
- Foodstuffs wholesale markets and fruit and vegetable wholesale markets should be in different locations and well distributed throughout the city – both of which are not the case at present – in order to allow better planning of public retail markets, which get their supplies from wholesalers.
- Meeting the increased food demand of the urban population will be problematic if links between rural and urban areas are not strengthened.
- Special attention should also be paid to the establishment of other local markets and collection infrastructure, which would improve the overall efficiency of the market system.
- Currently there is only one wholesale market for fruits and vegetables in Tirana, the Dinamo wholesale market. This market cannot adequately face food flows coming into the capital city. Upgrading and modernizing this and future markets is vital for future demographic growth, otherwise the growing needs of Tirana will be satisfied by informal markets that emerge spontaneously around the city.

If the central government does not show any special interest in investing in market infrastructure improvements, in ten years the capital city's market will be in the hands of imported goods and rural areas will see their unsold products go to waste.

This document will discuss the food supply to cities subsystem, which includes all the activities required to produce food and bring it to cities: production (including urban food production), imports, processing, storage, assembling, handling, packaging and transport, etc. Also discussed is the urban food distribution subsystem, which includes all the formal, informal, traditional and modern activities that are required to distribute food within the urban area: wholesale, intra-urban transport, retailing, street food, restaurants, etc. The document will also examine the institutional framework, waste management, and urban food demand and food security in Tirana.

1. Introduction

1.1 What is a food supply and distribution system?

FSDSs to cities are complex combinations of activities, functions and relations – production, handling, storage, transporting, processing, packaging, wholesaling, retailing – enabling urban areas to meet their food needs. Activities are performed by different economic agents, including producers, assemblers, importers, transporters, wholesalers, retailers, processors, street vendors, service providers, packaging suppliers, public institutions, and civil society organizations (FAO, 2001).

Dynamic and efficient FSDSs have a direct impact on living standards and on the quality of life. The various functions performed by a FSDS can be grouped into two subsystems:

- the *food supply to cities* subsystem, which includes all the activities required to produce food and bring it to cities: production (including urban food production), imports, processing, storage, assembling, handling, packaging and transport;
- the *urban food distribution* subsystem, which includes all the formal, informal, traditional and modern activities required to distribute food within the urban area: wholesale, intra-urban transport, retailing, street food and restaurants, etc. (FAO, 2001).

While previous research focused on parts of the FSDS of Tirana, this study attempts to undertake a comprehensive analysis of the FSDS, using a systemic approach.

1.2 The city of Tirana

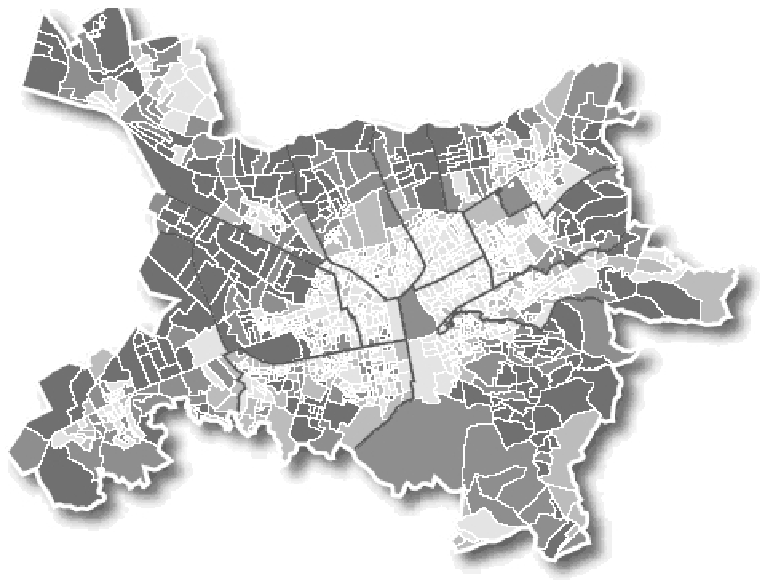
Tirana, the capital city of Albania, is situated in the centre of the country, at only 40 kilometres (km) from Durrës, the largest port in the country, and 26 km from Mother Theresa Airport, the country's only civil airport. Table 1 presents some facts on the capital city.

Table 1. Overview of the city of Tirana

City's total surface area (km^2)	41.8
Tirana Region's total surface area (percentage)	4.0
Population (2005)	402 290.0
Tirana Region's total population (percentage)	54.0
On Albania's total population (percentage)	13.0
Population density (persons/km^2)	9 624.0
Tirana's population density compared with Albania's average	80 times higher
No. of households	105 876.0
National total (percentage)	12.3

Tirana has experienced a drastic demographic change caused primarily by internal migratory flows. The population increased by 43.4 percent between 1989 and 2001; up to 51 percent of the capital city's housing was built between 1991 and 2001. In Map 1, the dark areas show high levels of new housing built after 1991.

Map 1. Distribution of new housing among Tirana mini-municipalities



Source: INSTAT, 2001

Demographic growth has been both a cause and a consequence of uncontrolled urban development, which has been characterized by the chaotic building of housing (including illegal housing) in the suburbs. In these newly populated areas, referred to as informal areas, roads, water and electricity supply and sewage systems are in poor condition. The same is true for markets, processing and storage facilities and transport infrastructure, which are all required to carry out food supply and distribution activities. Since typical food outlets are often small and inconveniently located, consumers have to invest time and money to reach the shops and bring food back home.

Map 2 shows the distribution of Tirana's population in 2001 and its concentration in mini-municipalities situated in the central part of Tirana, particularly within the ring road. The ring road is the circular road shown in map 3, which ideally delimits the city's core.

Many households living in the 'informal areas' get their food from:

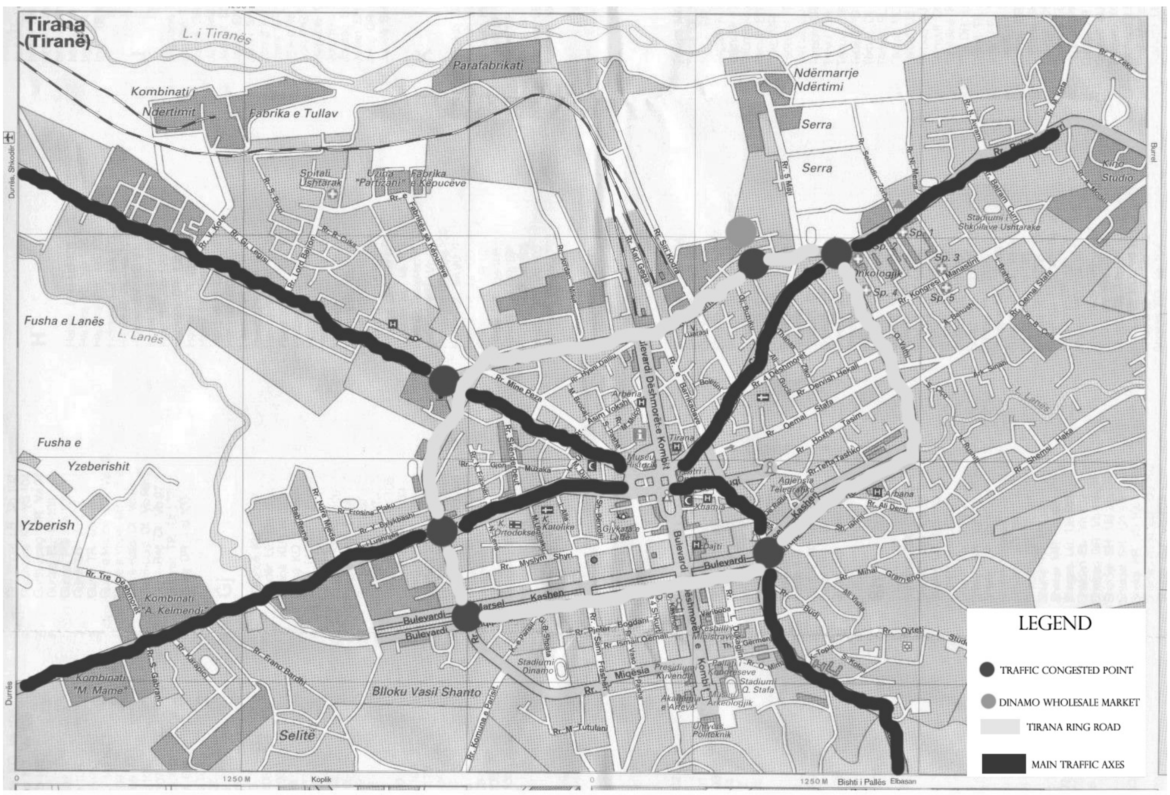
- their own family gardens and plots;
- farm activity in their rural place of origin;
- local retail outlets.

For most of these households, access to food has deteriorated because of the financial constraints. The practice of buying food on credit from small retailers is widespread.

Map 2. Population distribution by mini-municipalities of Tirana

Source: INSTAT, 2001

Map 3. The ring road of Tirana



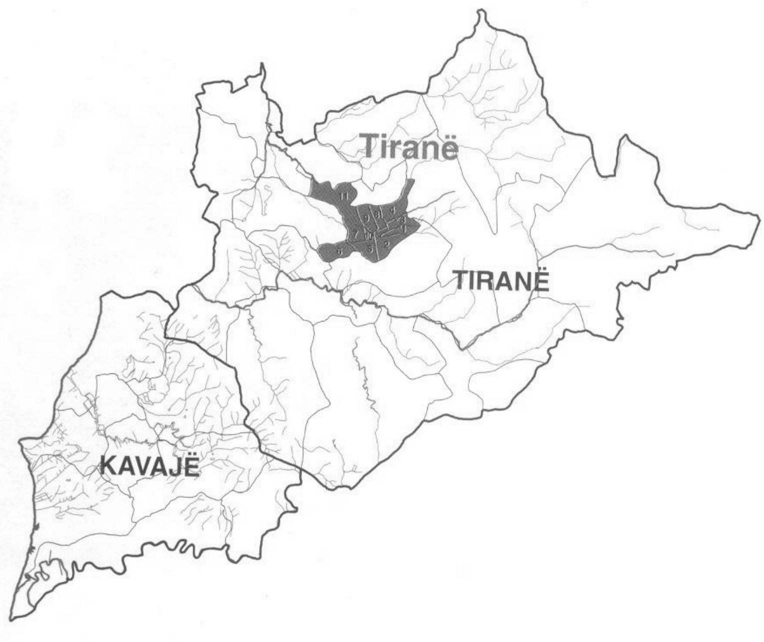
Source: INSTAT, 2001

1.3 The Tirana region

The Tirana region is divided into two districts: Tirana (which includes the city of Tirana proper) and the Kavajë district (see map 4). The region, one of the largest and most populated[1] in Albania, is situated in the central part of the country and is considered the most developed area of the country. (See in the annex Table 14)

The Tirana district has three municipalities and 16 communes; the Kavajë district has two municipalities and eight communes.[2]

Map 4. The city of Tirana and the Tirana region



Source: INSTAT, 2001

Tirana is the largest manufacturing, commercial and administrative centre of Albania. There are 20 152 active enterprises in the Tirana region compared to 51 945 countrywide, or 39 percent of the national total.[3] Food processing is the most developed manufacturing sector in terms of contribution to gross domestic product (GDP) at the national level, followed by building materials and clothing. Some of the most important products include flavourings, cookies, sausages, dairy products, alcoholic beverages and edible oils. Both the trade and the services sector play an important role in employment generation. Trade of goods (45 percent) and services in bars/restaurants (10 percent) are important self-employment and family business alternatives. Agriculture serves as a self-employment alternative

[1] The population density is 718 inhabitants/km^2, and migration from other parts of the country is still growing.

[2] Communes and municipalities are the first level of local government and regions form the second level. All these bodies are run by councils. Members of communal and municipal councils are elected directly by citizens, whereas those of regional councils are elected by the representatives of communal and municipal councils of the region. The mayors and the chairs of communal councils are mandatory members of their region's councils. A law passed in 2000 gave regional councils special functions in local activity planning and harmonization, and distribution of public services, which may be delegated to them by the central government. Communes are mainly rural, but also include parts of urban outskirts. The administrative division in communes and municipalities have been based on population and on other socio-economic factors, but as these have grown over time, the administrative division of the country requires modification.

[3] About 35 percent of manufacturing companies, 32 percent of construction companies, 45 percent of services companies and 40 percent of trade companies of Albania are located in the Tirana prefecture.

for most of the rural population (26 percent of the active population in the Tirana region). Also, it partly supplies local and national markets and food service outlets in the region. Livestock rearing is an important activity and is primarily based on cattle, sheep and poultry; pigs and goats have a less important role.

2. The socio-economic, institutional and legislative context

2.1 Poverty

The situation in the Tirana region

The analysis of poverty distribution shows that urban areas have lower poverty levels and higher consumption rates per capita than rural areas. Tirana also shows the highest inequality rate in Albania, its Gini coefficient being 29.5 percent (see in the Annex Table 15). The average poor household consists of a family with more than five members, low education levels and low employment rates. The unemployment rate in poor families is almost twice that of better-off families.

Living and working conditions are the toughest in the poorer and more remote communes such as Vaqarr, Shëngjergj, Baldushk and Zall-Herr, where income-generation capacity is limited by insufficient production, processing and marketing skills and facilities. A potential source of income may be the improved production of typical food, intended as a niche product, whose importance should be further emphasized.

Communes situated in flat areas such as Ndroq and Kashar – located along the roads connecting Tirana with Durrës and Kavajë, to the north and southwest respectively – have better access to markets, because of better communication and transport infrastructure. In these communes, off-farm activities are far more common than in other, more remote areas, and their high productivity enables workers to generate greater incomes.

The situation in the city of Tirana

Tirana shows marked social-economic inequalities.[4] About 18 percent of the city population lives in poverty. Poverty levels vary considerably and are higher in the suburban mini-municipalities. Evidence shows that most people who run businesses are above the poverty line, whereas those that rely on wages suffer the most from poverty. Migrants also make up a large part of the poor population.

Many state-owned enterprises collapsed in the early 1990s, and the workers who lost their jobs then are still in poor living conditions, with no security and stablity.

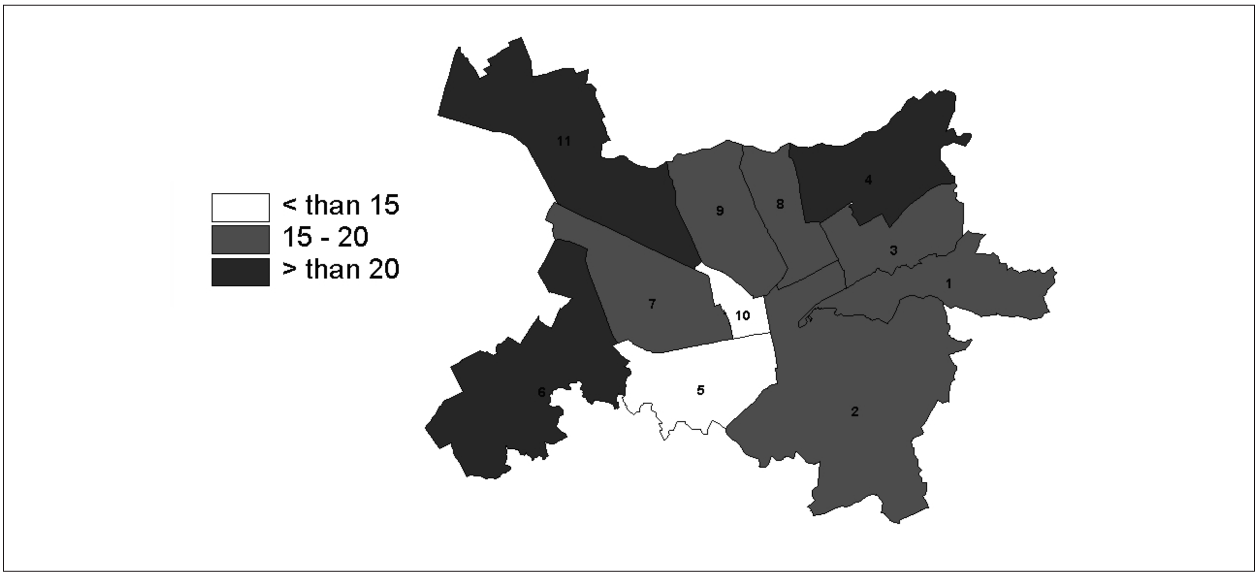
The official poverty line in Albania is set at ALL4 891 a month.[5] However, since price levels in Tirana

[4] Referring to the 2002 Living Standards Measurement Survey (LSMS) (INSTAT and World Bank, 2002), most of the households in Albania live on income generated from work (approximately 41 percent). Private transfers to urban areas, namely, remittances and humanitarian aid, account for 6 percent of the income, whereas the percentage reaches about 11 percent for rural areas. Public transfers, such as economic assistance, pensions and unemployment benefits, are estimated to make up 11 percent of the households' income in urban areas and for 10 percent of the households' income in rural areas. Income from property transfers, businesses or other assets accounts for 36 percent of the households' income in urban areas and 10 percent in rural areas. Evidence shows that most people who run businesses are above the poverty line, whereas those that rely on wages suffer the most from poverty.

[5] See in the Annex Table 17 for more information on poverty levels in Albania. Approximately 25 percent of the Albanian population is considered poor, i.e. their income lies below ALL4 891 per capita per month. Five percent of the population is considered 'extremely poor', having an income below ALL3 471 per capita per month. If the poverty line were increased by ten percent, then approximately 50 percent of the population would drop below it and thus be considered poor.

are higher than in other towns and areas of the country, households in Tirana could well be over the official poverty line but still have a hard time satisfying their basic needs.

Map 5. Poverty and inequality in the Tirana mini-municipalities (in percentage)



Source: INSTAT and World Bank, 2002.

In order to reduce poverty, in 2004 the Tirana municipality provided economic assistance to 3 529 disabled people and to 508 caregivers living in Tirana. Additionally, 6 468 families received ALL3 310 each month in economic assistance. This was not adequate, however, especially when considering that bread alone – a staple food in Albania – may cost a family in this category ALL1 800 per month.

In spite of these forms of assistance, it has become more difficult for the poor, the unemployed and retired people to access food. Most of the poor are elderly people with greater needs for medicine. Pensions and social security payments are small, and drugs and medical prescriptions are not covered. Many of the poor are indebted to shopkeepers or get meals in centres established by religious or charity institutions.

2.2 The labour market

The Tirana region

The labour market in the Tirana region is characterized by gender- and age-related inequalities. Women only account for 38 percent of the working force, with little difference between rural and urban areas.

Table 2. Unemployment in the Tirana region

	Total unemployment	Rural	Urban
Total population	24.18	19.00	42.00
Male	19.5%	18.0%	19.0%
Female	30.8%	21.0%	35.0%

Source: INSTAT, 2001

Clearly, the unemployment level in urban areas is higher than in rural areas. On the other hand, rural areas are more easily affected by hidden unemployment, which is facilitated by the small size of farms and the high degree of agricultural seasonality. In any case, the influx of working force from neighbouring villages into the capital city has considerably increased the unemployment rate in the city of Tirana.

City of Tirana

Determining the employment or unemployment rate in the city of Tirana is very complex since any comprehensive analysis must take into consideration the following:

- formality or informality of the working force (whether or not workers are registered as employed);
- utilization or non-utilization of unemployment/employment services;
- working force mobility from one job to another;
- the working force inflow into the city.

According to administrative data provided by employment offices, the unemployment rate in the city of Tirana is seven percent. Significantly, the civic network for information provides a higher figure, showing how official data is commonly unreliable in Albania.

Table 3 provides data from the 2002 Living Standards Measurement Survey (LSMS).

Table 3. Unemployment in the city of Tirana in 1990 (in percentages)

	Unemployment rate
Total	20.0
Male	18.9
Female	22.2

Source: INSTAT and World Bank, 2002

With regard to the employment rate, Table 4 shows the big gap between male and female employment, largely because many women abandoned the labour market in the 1990s in order to devote themselves to housekeeping. In recent years, however, women are returning, so the gap will decrease in the future.

Table 4. Employment in the city of Tirana (in percentages)

	Employment rate
Total	38.2
Male	52.0
Female	26.0

Source: INSTAT and World Bank, 2002.

In the city of Tirana, 85 percent of the working force is wage/salary-dependent; only 15 percent is self-employed (family businesses included).

2.3 Transportation

Public and private transport in the capital city represents a complex issue, largely because of the rapid demographic growth, the constant increase in the number of vehicles, and the poor road conditions. As shown in Table 5, the population of Tirana uses a variety of means of transportation. During 2004, the regional directorate of Tirana registered as many as 13 382 vehicles.

Table 5. Major means of transportation in the city of Tirana (in percentages)

Means	To reach the workplace	Leisure
On foot	41.0	52.3
Public transportation	38.7	33.4
Private vehicle	26.0	21.8
Bicycle	5.9	4.5
Motorcycle	2.7	2.8

Source: Co-PLAN, 2002

The municipality of Tirana manages 160 km of roads, which include 258 road axes. There are 140 km of paved roads and 20 km of unpaved roads. These figures do not include unnamed roads and driveways.

A variety of vehicles, either privately owned or hired from third parties, are used for food transportation:

- large trucks used for bringing food into the city of Tirana, mostly from neighbouring countries or from Durrës port;
- medium-size vehicles usually used for bringing food into the city of Tirana from other areas of Albania or for transportation within the capital city;
- small vehicles or even automobiles used for food transportation inside the capital city.

Railways are almost all out of business in Albania, so food does not reach Tirana by train, except for a marginal part brought in by farmers who go to Tirana to sell their own produce.

Recently, after many years of total neglect from former administrations, the current municipal administration has invested considerably in infrastructure improvement by widening, fixing and modernizing roads. This was possible because of an increase in available funds, mainly because of improved tax collection and a stronger focus on the issue by the central government.

Nevertheless, there is still an unmet and increasing demand for infrastructural improvement (concerning mainly secondary and suburban roads), which suffer from a low ranking in the government's priorities and therefore receives little funding. In spite of radical road improvement, according to surveys conducted by the municipality (Tirana Municipality, 2004a), 24 percent of the residents consider the roads in their neighbourhood to be inadequate.

The road network is based on the ring road (see Map 3), whose key points in Elbasani street, Vasil Shanto, 21 Dhjetori, Zogu i Zi, Stacioni i trenit (railway station), Dinamo wholesale market and Medreseja are very congested and extremely polluted. Traffic jams are frequent, especially where the ring road intersects with main road axes such as those connecting Tirana with the important neighbouring cities of Durrës, Elbasan and Kavajë.

The lack of parking spaces only worsens the already troublesome traffic situation, adding confusion and blocking entry to markets. More than 80 percent of the people interviewed are concerned with this issue.

Given the many food outlets in the capital city, people do not usually need public transportation to reach the markets, but can easily walk. The situation is different for those who live in the informal areas, which are cut-off from the main retailing facilities; they use buses or automobiles to reach special markets. A newly opened supermarket at 12 km from the city of Tirana provides free bus transportation from the city to the supermarket.

There is a need to improve environmental protection standards in view of the expected population growth and the subsequent increase in food demand, the number of vehicles, and the quantity of garbage and organic waste from markets and slaughterhouses. Since it is impossible to widen roads, food wholesale markets and slaughterhouses must be relocated in suburban areas, near the city's entrance points (again, refer to Map 3).

2.4 Waste management

During the past decade, garbage production in Tirana has doubled and is now 0.8 kg/day/person. Tirana produced 116 000 tonnes of waste, 22 percent of the country's total. The amount of inert material in urban waste is about 12 percent. All the garbage resulting from trade activities ends up in containers, which are commonly used by both businesses and individuals. Garbage collection in the city of Tirana is managed by two private firms and a municipal company, Kuartalla, which is also in charge of removing debris resulting from demolishing of illegal constructions and provides cleaning services for Tirana suburbs. Garbage is removed with special vehicles and brought to the Sharra urban garbage deposit in the outskirts of Tirana. Sharra does not have a garbage treatment facility so all garbage from Tirana is simply burnt, causing pollution and great harm to the local population. Not surprisingly, Sharra is classified as an environmental hot spot by the Ministry of Environmental Protection.

Another alarming fact is that all organic matter resulting from market and slaughtering activities is discharged directly into the city's sewage system, with no preliminary treatment – none of Tirana's slaughterhouses have any organic matter treatment facility. In order to improve waste management and enforce discipline in the markets, new regulations have been introduced concerning 2 640 traders located in 18 roads.

However, regardless of the many improvements made, Tirana is not yet a clean city. One of the problems is that neither food traders nor citizens respect the regulations restricting waste garbage discharge in the late afternoon and early night hours. This regulation was introduced to allow the waste management companies to remove garbage from the city during the night, leaving it clean for the following day. As these rules are systematically ignored, the city's bins are always full of garbage, becoming unmanageable. Fines are imposed on those who are caught discharging garbage in hours where it is not permitted, but monitoring is infrequent, so the problem is still far from being solved.

2.5 Infrastructure

The only regulatory plan in force in Tirana dates back to 1989, but because of political, social and economic changes, they are outdated. A new regulatory plan is under preparation. In 2004, the municipality of Tirana carried out several partial urban studies on construction permit issuance and tried to regulate the chaotic development of a number of areas by ensuring the presence of public facilities such as schools. The municipality allocated ALL2 456 million for public investments (the largest allocation in the last four years) in transportation and market improvement and upkeep (Tirana municipality, 2004b). Further, 73 percent of construction investments were undertaken in suburban areas as part of a set of investments in recent years by the local government. Data on private investments related to FSDSs are not available.

2.6 The political and macroeconomic context

By the late 1990s, several structural reforms were implemented in Albania, such as a banking sector reform, land reform and privatization. Almost all small- and medium-size enterprises were privatized and considerable progress was made in privatizing strategic sectors of the economy such as telecommunications.

Regulations on the financial sector and fundamental functions of the public sector were strengthened and the government approved a new law on bankruptcy and a deposit insurance scheme. Registration of fixed assets was established and progress has been made in developing the property market. Noticeable actions were taken in public administration: a general law on civil service was approved; a salary structure developed; a medium-term budget programme established; legal and judiciary capacities and accountability regulations strengthened and the anti-corruption plan of action in effect was revised.

During the last five years, Albania has experienced a good economic performance with an annual growth rate of over seven percent in most of the period, combined with low inflation rates of less than four percent. In the same period, both exports and imports have constantly increased (see in the Annex Table 16 for more information at the country level).

Nevertheless, both the sustainability of economic growth and the country's capability to reduce poverty are being threatened by political instability and limited reform in some sectors. Albania's economy still remains largely informal (30 percent of the economy, according to INSTAT, 2004b) and the business environment is not enabling. Corruption, organized crime, lack of the rule of law and the slow pace of reforms are all obstacles to the further development of the country, which affects both domestic and foreign investment.

2.7 The institutional context

The institutional structure of FSDS consists of public, private and civic components.

The public component has undergone a series of legal and institutional reforms, the most important being decentralization. Decisions are made at the central and local level. The main programmes and institutions of central decision-making directly relating to FSDS are those incorporated into the Ministry of Agriculture, Food and Consumer Protection(MAFCP) – Marketing Directorate, the Quality Control and Food Inspection Directorate (Food Inspection Sector, Labelling and Counterfeiting Sector); the Ministry of Health (MOH) – Hygiene Directorate; the Ministry of Finance (MOF) – Tax and Taxation Directorate, Customs Directorate; and the Ministry of Economy(MOE) – Competition Directorate, Directorate for Stimulating Small and Medium Enterprises.

The main programmes and institutions of local decision-making are the municipality (Directorate of Territory Control, Directorate of Taxes and Markets Administration, Urban Directorate, etc.) and the mini-municipalities, which make a valuable contribution to the FSDS through their agricultural and rural infrastructure support programmes.

These institutions are responsible for planning, establishing and maintaining the market infrastructure. They work with the private sector to help develop its role in food trade, but this is hardly done in practice.

The private component is represented by regional chambers of commerce and business development associations. Chambers of commerce play a significant role in preparing laws and regulations on food trade activity. Also associations try to make their own contributions to the creation of the markets' status. Unfortunately, in recent months, government activities concerning both the preparation and implementation of laws have suffered from the political changes that occurred in Albania.

Finally, consumer protection associations, organic agriculture associations and local development centres around and beyond Tirana, such as Lushnjë and Fier, form the civic component of the institutional structure of the FSDS.

Even though these institutions have generated programmes and sub-programmes that have partially influenced the FSDS, they have never developed a coordinated strategy or medium/long-term programme to involve all the components of the FSDS and approach the system as a whole. As a result, programmes developed by these institutions are partial since some of the components of the FSDS are not consulted or show no interest in participating.

No concrete and visionary plan for the future has been presented that would be immune to political change. Consequently, the FSDS lacks both a legal basis and a real development strategy for the future.

Governmental programmes such as the Green Strategy, the National Strategy for Social-Economic Development, the Rural Development Strategy, the Regional Strategy, as well as other sector strategies and national documents signed by the Albanian Government, such as the Stabilization and Association Report (SAR) and the Millennium Development Goals (MDG), have had a partial, if any, effect on the FSDS.

This municipality is also in charge of activities and initiatives related to the establishment or expansion of the FSDS, including:

- the planning and construction of markets on land that it administers;
- the choice of space designed for trading activities;
- logistics in partial urban plans;
- the establishment of a physical regulatory frame for markets, i.e. regulating road construction, parking spaces, electricity and fire fighting services, security and expulsion of informal vendors.

With regard to long-term investments in important projects for the FSDS development, there have been no positive signs of cooperation (except for some consumers' protection initiatives) between the municipality and central government institutions, chambers of commerce or other local funds interested in improving market infrastructure.

The legal framework is based on the following:

- Law, No. 7 941 of 1995, concerning food in general;
- Law No. 9 308 of 2004, regarding veterinary service and the setting up of a veterinary inspectorate;
- other laws, articles and standards introduced to comply with European Union (EU) requirements.

All the institutions in charge of implementing these laws must regulate the entire range of issues on production, processing, storage, distribution, control and marketing of foodstuff for human consumption. The aim is to protect consumers' health and to ensure the implementation of sanitary/ veterinary instruments for products of animal origin and other foodstuffs.

Albania has developed a Food and Nutrition Action Plan (FNAP) for 2002–2007, under which different projects aim to improve nutrition and public health conditions.

A maternal and child health project implemented by the MOH with support from the United Nations Children's fund (UNICEF), between 2001–2005, focused on infant feeding and caring practices, and on iron, folacin and micronutrient deficiencies, especially among young women (WHO, UNICEF and FAO, 2002).

Other projects aimed at:

- poverty alleviation;
- rural and suburban infrastructure improvement;
- protection of more vulnerable groups;
- qualitative and quantitative improvements of the food supply for the urban population.

3. Urban food demand, food insecurity, and food supply and distribution systems

3.1 Urban food demand and food insecurity

The Household Budget Surveys conducted in the city of Tirana in 1993, 1994 and 2002 show changes in expenditure distribution among different items of household consumption (see Table 6).

Table 6. Annual household consumption expenditures, 1993, 1994, 2000 (in percentages)

Patterns of expenditure	1993	1994	2000
Cereal products	17.0	12.9	8.9
Vegetables	9.1	10.2	6.2
Fruits	5.7	3.4	4.6
Meat and other animal products	11.1	11.7	11.3
Chicken and eggs	5.1	3.8	2.5
Fish	0.2	0.3	0.8
Milk and dairy products	11.7	12.3	7.8
Different products	6.8	7.7	4.8
Eating out (restaurants, fast-food restaurants, etc.)	0.2	0.5	4.7
Food products total	66.9	62.8	51.6
Beverages	3.4	3.8	3.3
Food and beverages total	70.3	66.6	54.9
Tobacco	1.8	2.0	2.9
Clothes and footwear	2.8	2.4	5.3
Rent and utilities	2.7	3.2	6.0
Interior home renovations	2.9	1.9	1.2
Furniture	2.5	3.3	1.1
Equipments	4.4	4.2	0.8
Maintenance	0.9	2.3	0.4
Health	0.9	0.9	2.6
Transportation	1.6	1.3	1.7
Automobile maintenance	2.0	5.3	4.5
Personal communications	1.2	0.6	1.7
Leisure	0.5	0.0	2.4
Education	0.5	0.4	2.5
Culture	3.7	4.0	5.4
Personal care	0.3	0.8	1.9
Jewellery	0.1	0.2	0.4
Other expenses	1.7	0.8	5.5
Total[a]	99.8	100.2	101.2

[a] Totals may not equal exactly 100, caused by data approximation.

Source: INSTAT, 2002

The household's overall expenditure on food has decreased considerably, but eating out is increasingly common; few Albanians could afford to do so in 1994, whereas almost five percent did in 2004.

The percentage of expenditure on food, drinks and tobacco varies among social groups. There is a positive correlation between these percentages, on the one hand, and the number of children per household and the unemployment rates among household members, on the other. In contrast, all these factors tend to be negatively correlated with education, i.e. more educated people tend to spend a smaller percentage of their budget on food, beverages and tobacco, have fewer children and are less affected by unemployment.

Table 7. Composition of the household budget according to the head of household category (in percentages)

Expenditures	Employed persons	Unemployed persons	Retired persons	Housekeepers	Emigrants
Food, tobacco, beverages	55.90	61.60	60.80	83.80	57.40
Clothes, footwear	5.60	4.70	4.90	n.a.	6.20
Rent, electricity, water	6.40	6.70	8.10	9.00	7.70
Equipment, furniture	6.20	6.00	6.60	4.50	7.60
Health care	2.10	3.50	3.50	1.00	1.80
Transport, communication	9.30	5.70	5.60	0.20	7.40
Education, entertainment	6.40	4.30	3.40	1.20	5.20
Personal care	2.40	2.30	2.10	n.a.	1.60
Other	5.70	5.20	4.90	0.20	5.20
Total[a]	100.00	100.00	99.90	99.90	100.10

[a] Totals may not equal exactly 100, caused by data approximation.

Source: INSTAT and World Bank, 2002

The Albanian diet is a typical Balkan diet characterized by many fresh fruits and vegetables (depending on the season), cereals, potatoes and vegetable oil. Alcoholic beverages are consumed sparingly and the consumption of sea products is still low (Berisha and Mara, 2005).

For religious reasons, consumers discriminate among types of meat (e.g. Muslims do not consume pork). There are also differences between rural and urban diets. Rural consumption is based on fresh farm products, while urban consumers are sometimes forced to rely on processed fruits and vegetables, including frozen and preserved products, particularly during the off-seasons (FAO, 2005). In all cases though , there is an undisputed preference for fresh produce, as shown in the frequency of consumers' purchases: 33.3 percent of consumers surveyed in Tirana's city markets buy food on a daily basis (Centre for Rural Studies, 2005).

Before 1990, the per capita supply mainly consisted of cereals (wheat and maize) as a result of the communist government's policy of pursuing self-sufficiency in the production of staple foods. Since all efforts and resources were concentrated on this goal, the production of other food items – fruits and vegetables, meat, dairy products – was not high on the government's priority list.

The collapse of the regime in the early 1990s and the consequent opening up of the economy brought about many changes. (See in the annex table 18 to table 27). Increased import flows and changes in per capita income and lifestyle all had a great impact on food diversity. The immediate effect was dietary improvement, with significant increases in the consumption of fresh fruits and vegetables, meat, eggs and dairy products. Table 8 shows that the daily supply of these products more than doubled from 2000 to 2002, compared to 1986–1988, while cereal consumption was reduced by about one-third.

Table 8. Annual trends in product supply per capita in Albania 1965-2002, (grams/day)

	1965-1967	1972-1974	1979-1981	1986-1988	1993-1995	2000-2002
Cereals	529	579	611	601	550	457
Starchy roots	38	45	50	39	55	87
Sweeteners	38	44	48	50	80	70
Pulses, nuts, oil crops	26	22	19	21	21	38
Fruits and vegetables	291	324	339	290	461	679
Vegetable oils	9	14	27	21	22	23
Animal fats	13	9	9	12	10	7
Meat and other animal products	48	45	50	47	79	103
Fish an seafood	6	10	9	9	5	11
Milk and eggs	273	310	373	363	708	818
Other food items	20	24	24	30	52	60

Source: FAO, 2005.

Most people have three meals a day – breakfast, lunch and dinner – but rapid changes in society such as urbanization, time constraints and irregular working schedules have affected their eating habits. With no time to cook food at home, more people tend to skip breakfast, and take-away food is becoming popular.

Food insecurity

According to the World Bank, food insecurity in Albania is not an issue anymore,[6] but supply shortages are the result of the poor general economic situation of households. Many cannot afford to buy all the food they need, especially in rural areas. According to the 2002 LSMS, one-third of the households in rural areas are not able to obtain even the minimum quantity of basic food.

Food consumption in Tirana

It is difficult to present a clear picture of the food consumption situation in Tirana. The analysis needs to be based on:

- data on domestic food flows to Tirana;
- data on imports at the regional level;
- data on food stocks and evaluating losses during the year.

These figures are difficult to measure and are not currently available. For these reasons, food consumption cannot be calculated using FAO's methodology for calculating food balances, which is:

Per capita supply = (production + imports - exports + stocks)/population.

[6] Albania has experienced shortages in food supply in particular moments during the transition period (1991), but the situation has currently stabilized.

The MAFCP does provide statistics on production regional balances, but does not consider food imported to Tirana from other regions, so this data is also unsuitable. The only tool for estimating food consumption levels in Tirana is the household budget table[7] (see Table 9).

Table 9. Household budget

Item	kg/per capita/month in 2005	kg/year in 2005	kg/year in 2011 (projection)	kg/year in 2016 (projection)
Staple food	16.11	77 780.360	90 196.520	102 230.640
Meat and Fish	1.81	8 737.739	10 132.550	11 484.450
Dairy and other animal products	8.29	39 995.670	46 380.230	52 568.330
Edible oil	1.77	8 539.810	9 903.030	11 224.310
Fruits and vegetables	10.24	49 452.710	57 346.900	64 998.180
Water and fresh drinks	0.78	3 765.430	4 366.520	4 949.100
Eggs	0.56	2 703.389	3 134.934	3 553.200
Other	1.79	8 617.050	9 992.600	11 325.830
Food outside home	3.22	15 558.970	18 042.660	20 449.940
Total	44.57	215 151.128	249 486.944	282 783.980

Source: INSTAT and World Bank, 2002.

Statistics show that the capital city's population consumed 215 151 tonnes of food in 2005 and is expected to consume 282 783 tonnes in 2016. Total consumption is therefore expected to increase by 31.4 percent in 11 years.

Increased and diversified food consumption calls for relevant changes in the supply and marketing system. Infrastructure should be upgraded to handle increased transportation flows; new market facilities should be built and existing ones should be improved in terms of quality, hygiene, safety and services for both traders and consumers. Retail outlets and wholesaling facilities should also be improved.

3.2 Food supply systems

Demographic growth in Tirana led to urban expansion and loss of productive land to the extent that the regional food balance is now negative. As research has shown, Tirana is unable to feed itself. Table 10 shows Tirana's food deficit in quantitative terms.

The lack of an urbanization plan for the suburbs and the increased opportunity costs of having green areas in the city make the contribution of urban agriculture to the overall production irrelevant so much so that no one has ever even tried to assess its importance on the regional food balance. Some households own small gardens in peri-urban areas and grow small quantities of fruits and vegetable, which are normally consumed within the household or given to friends and relatives. These garden products – particularly fruits and flowers – rarely reach the market.

[7] The table lists the per capita consumption for different foodstuffs, calculated on the basis of a household's food expenditure over a two week period. Data are collected by the households in notebooks. The total food consumption of the Tirana population was calculated as follows: annual food consumption = sample persons' average monthly consumption × 12 months × total population. For 2011 and 2016, calculations were made using forecasts and estimates provided by INSTAT.

Table 10. Production, consumption and food balance in the city of Tirana

	Vegetables	Potatoes	Fruits	Total
Production (tonnes)	50 800	5 475	4 608	60 883
Consumption (tonnes)	151 945	35 593	18 392	205 930
Food balance[a] (tonnes)	–101 145	–30 118	–13 784	–145 047

[a] Figures are based on FAO estimations on local consumption levels: consumption of vegetables, 188.37 kg/per capita; consumption of potatoes, 44.13 kg/per capita; consumption of fruit, 22.8 kg/per capita.

Source: MAFCP, 2005

The Dinamo wholesale market in Tirana shows that the capital city's contribution to its overall supply accounts for no more than seven percent of the total. Systematic supplies from other areas (particularly Lushnjë, Fier and Saranda) or imports from neighbouring countries (Greece, Macedonia and Italy) are required. Exchanges with these three countries account for about 85 percent of Albania's international trade (INSTAT, 2005).

Marketing margins and prices

To date, no relevant study concerning marketing margins has been conducted in Albania. Marketing margins for fresh produce vary on average between 30 and 40 percent of the farmgate price. For other foodstuffs, margins vary on average between ALL10 and ALL1 000. Higher margins should be attributed to factors such as:

- location of the retail outlet;
- level of the offered services;
- type of product.

Value-addition along the marketing channel is often perceived as abusive, but experts affirm that a major part of price increases (margins) is necessary for retailers to sustain the costs related to product handling and sorting, and the uncertainty associated with the food sale, which must also take into account factors such as product spoilage. However, these experts do admit that a fraction of these margins is abusive. Table 11 shows the increase in value at the retail level of the food chain.

Table 11. Prices[8] and margins of the main food products in wholesale and retail markets, 2004

Product	Wholesale price	Retail price	Difference in price	Retail margin (in percentage)
Tomatoes	59.4	94.0	34.6	36.8
Peppers	73.1	120.0	46.9	39.1
Onions	42.6	63.0	20.4	32.4
Garlic	134.6	200.0	65.4	32.7
Beans	112.0	161.0	49.0	30.4
Potatoes	33.8	55.0	21.2	38.5
Apples	65.7	112.0	46.3	41.3
Grapes	92.0	197.0	105.0	53.3
Oranges	84.3	120.0	35.7	29.8
Eggs	9.0	11.0	2.0	18.2
Flour	51.0	56.0	5.0	8.9
Sugar	60.0	64.0	4.0	6.3
Edible oil	123.0	130.0	7.0	5.4
Noodle	93.0	107.0	14.0	13.1
Tomato sauce	46.0	60.0	14.0	23.3

Source: MAFCP, 2004b and authors' calculations.

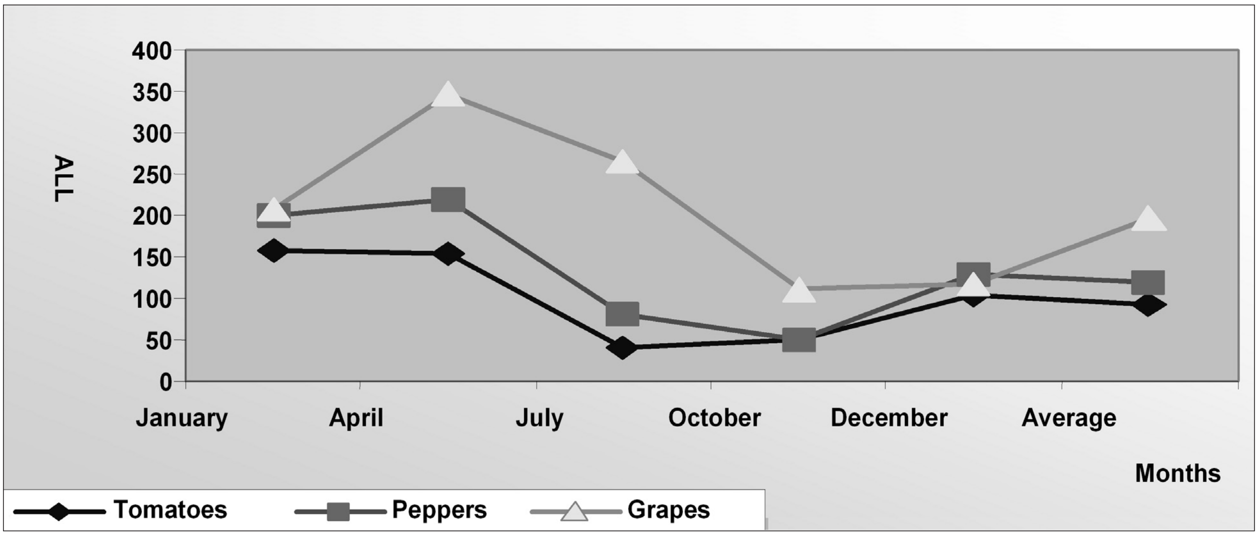
Wholesalers tend not to apply higher margins when under pressure of product spoilage, because they manage to make satisfactory profits by trading in larger quantities.

Improving the marketing system in order to increase efficiency will create opportunities for eliminating the abusive and speculative component of marketing margins, thus allowing for a reduction of retail prices. If costs are lower, lower margins will be needed to cover them.

Together with seasonal variations, price fluctuations are especially high during holiday seasons, especially for vegetables and fruits. Figure 1 shows three products that display seasonal price fluctuations, depending primarily on fluctuating import inflows.

8 For more information on production prices of different food products, see in the Annex Table 26.

Figure 1. Price levels for tomatoes, peppers and grapes in different months of 2004



Source: MAFCP, 2004b.

The above trends are common for vegetables and fruits; price fluctuations for staple foods such as wheat and maize follow different patterns, mostly shaped by external factors rather than by production periods in the country.

Consumers' protection

Administrative and legal structures responsible for ensuring the competitive nature of markets, and protecting consumers from abuses are still fragile.

Research showed that 55 out of 61 retail outlets are legal , i.e. they obtained an activity license by the municipality, but only 14 of them met basic hygiene and sanitary standards (Institute of Public Health, 2002). Product counterfeiting is a common practice in the production and marketing of food products, particularly for alcoholic and soft drinks, milk and dairy products and edible oil. Labelling is inappropriate, often lacking information on product content, nutritional facts, use instructions and expiry date.

Food sold illegally on the street is a major source of income for many households, particularly in the countryside, and butchering animals is done with little regard for sanitary and veterinary regulations. The law establishes fines ranging from ALL5 000 to ALL300 000 for sellers, butchers and other sellers caught breaking the law, but there is great confusion over the division of responsibilies between the Food Control Inspectorate and the Veterinary Inspectorate (which depends from the MAFCP), the Sanitary Inspectorate (which depends from the MOH) and the municipality's territory control directorate. The lack of a strong enforcing authority inevitably leads to a low and ineffective protection of the consumers' rights.

Box 1. Consumer Protection Association

"As an association for consumer protection, we have positioned ourselves on the consumers' side. In every holiday season we did our best to raise the awareness of institutions and have them take appropriate measures against abusive price increases by traders. These abusive price increases trigger strong inflationary fluctuations, thereby turning [this situation] into both a micro and macro issue. Also, in order to draw consumers' attention, we distributed flyers advising them to use the expression "How do you dare?" whenever they faced abusive price increases by food retailers."
Business, 24 December 2005

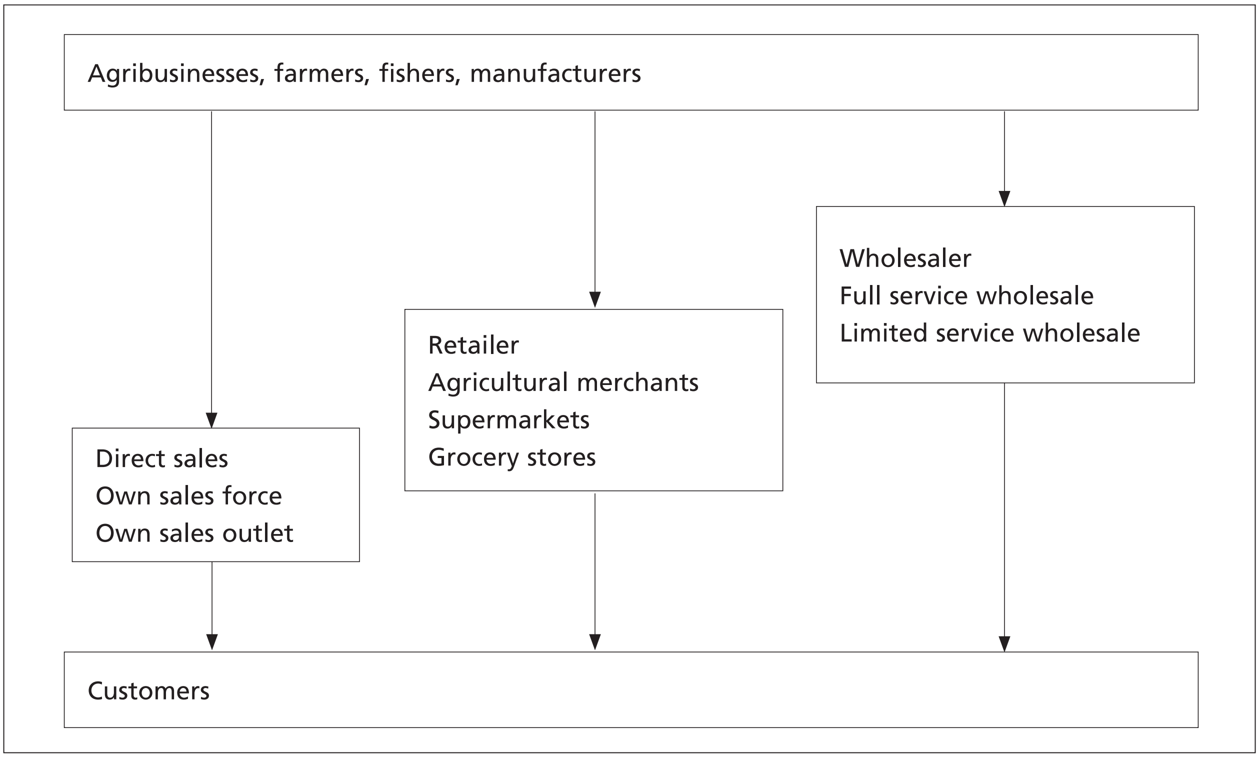
3.3 Urban food distribution systems

Markets

In Tirana, city supply and distribution channels are characterized by fragmentation and confusion over role division. Often, small producers, retailers and wholesalers try to sell their products at the same urban marketplace, while instead they should sell in different locations and to different targets.

Key actors in food distribution are intermediaries who represent a strong reference point between small farmers and wholesalers. Some collectors prefer to establish links only with suppliers from their area, whereas others move from one area to the other, depending on season and opportunity. Some intermediaries sell the products that they collect in markets, while others bring them to wholesalers. In some cases, the intermediaries are producers themselves, integrating their crops by purchasing other producers' production, and then bringing everything to the market or to wholesalers. Figure 2 depicts various marketing channels.

Figure 2. Marketing channels



Direct marketing systems

Direct marketing between producers and consumers occurs when short distances make it possible. Farmers who sell directly to their consumers always face a trade-off between the benefits of direct sale and the opportunity cost of not working in the fields.[9] About 77.8 percent of the farmers identify transportation as one of their biggest problems; given the small quantity of marketable product that they handle, transportation accounts for most of their costs. Storage is also a major problem: 75.6 percent of the producers cannot keep their products for long periods of time because of the lack of silos and cold rooms (Centre for Rural Studies, 2005).

Surveys reveal that 70 percent of the farms in Tirana's municipality sell directly to final consumers (INSTAT, 2002). The remaining 30 percent sell mostly to wholesalers and retailers, but also direct a small percentage to final consumers. Accordingly, the percentage of farmers that sell directly to consumers sums up to 85 percent of the total.

Many consumers demand higher standards of service in the food market, as some indicators point out:

- 55 percent of consumers think that they have inappropriate market facilities in their neighbourhood;
- 68 percent see street selling as a problematic issue;

9 Data from the 2002 LSMS showed that two-thirds of an average rural household income is derived from agriculture, with increasingly more cash income deriving from the sale of livestock products, milk, vegetables, fruits and grapes.

- 68 percent believe that business activities in residential areas should be limited to certain hours of the day, whereas only 21 percent think the opposite (Tirana Municipality, 2004a).

Given these opinions, regulating street selling activities and business activities should be a priority in the municipality's agenda. Unfortunately, for many reasons, including financial constraints, very little is moving in this direction.

Furthermore, sectoral policies do not support state budget investments for slaughterhouses and refrigerated space, but rather suggest that such investments be taken over by private enterprise (MAFCP, 2003b). It should be borne in mind, however, that if operated by the public sector, these investments would provide better hygiene, fewer losses and reduced risks of food transmittable diseases.

A major concern from the local establishment is that institutional, urban development and demographic factors should not be the only ones considered; the effects that the establishment of new markets would have on family budgets for either consumers or sellers should also be taken into account.

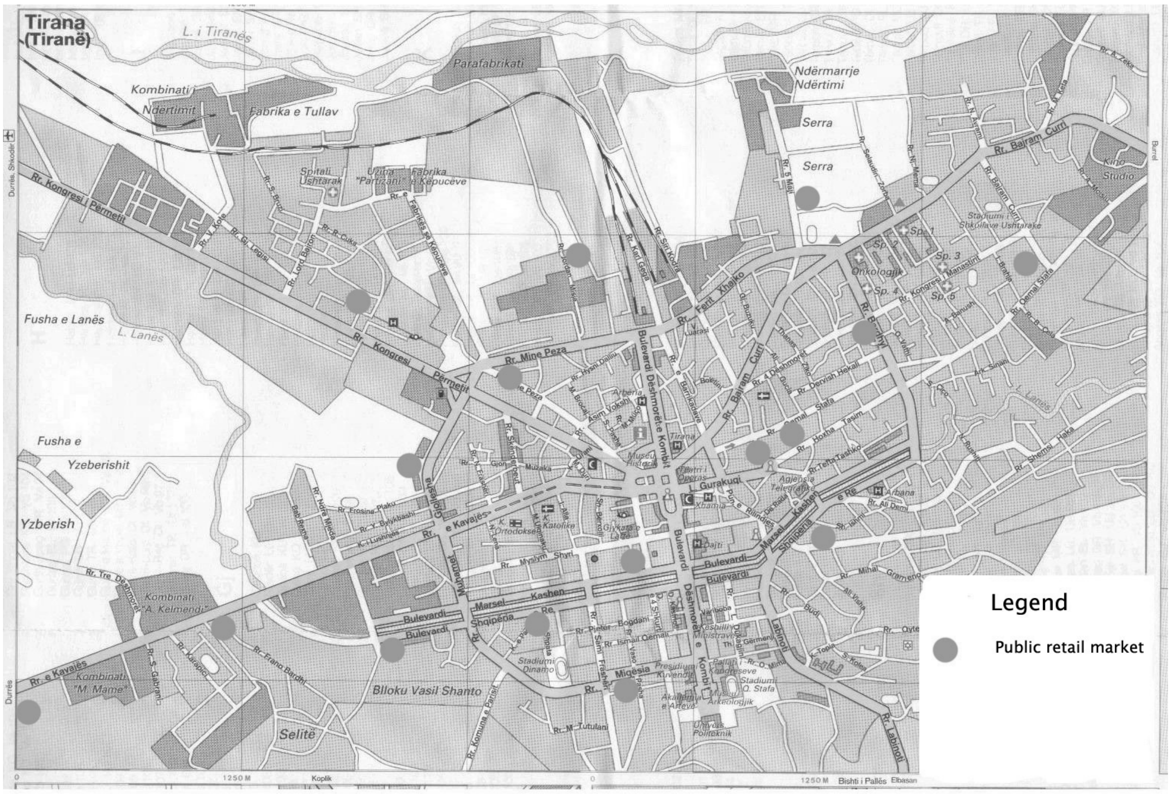
Retail

Many types of retailers operate in the capital city, ranging from retailers who have their permanent shops and sell fresh produce, to farmers who sell alongside roads near their plots and fields.

The retail sector includes a wide range of outlets such as public retail markets, spontaneous markets, formal and informal shops and supermarkets.

Currently, there are 15 public markets in Tirana, which are administered by the General Directorate for Local Taxes and Tariffs of the Tirana municipality and by the mini-municipalities. These public markets consist of 22 685 m^2 of total surface area, although only 70 percent of this surface is currently exploitable. These markets can potentially accommodate 1 870 traders per year, but current exploitation levels do not exceed 850 traders per year. The situation is critical in markets such as *5 Maji*, where only 15 traders engage in their activity, or in the meat market where only 50 percent of the capacity is exploited.

Map 6. The public retail market distribution in the city of Tirana



In addition to public markets, there are privately administered markets that apply charges in exchange for very basic services to traders. Despite permanent controls exerted by municipality inspectors (their number doubled in 2005), hygiene and sanitary conditions and associated infrastructure are so poor that neither public nor private markets offer storage or handling space that comply to hygiene requirements. Transportation infrastructure near markets is also poor, especially when considering that future needs will be greater than present ones.

The inability to fully exploit all the marketable space in public markets should not be attributed solely to the above factors, but also to the fact that many vegetable and fruit traders tend to sell outside these markets in order to avoid paying market occupancy tax. Furthermore, they consider it more attractive to sell outside these markets for there is less competition.

Box 2. Astrit, trader, 45 years old

"The market occupancy tax we pay is high. We duly pay the taxes, but in exchange we do not get adequate services, as many are not offered. Even though we pay ALL3 000 per month, this market doesn't attract many consumers and traders. Many consumers are lured by farmers who sell on the streets near the market. They place the products on the ground and this total lack of hygiene doesn't disturb the buyers at all since they appreciate slightly lower prices (farmers don't pay taxes) and are deceived by the image of freshness conveyed by the farmers' products".

The municipality is making efforts towards promoting public markets and stopping consumers from buying on the street, with awareness-raising actions such as distribution of flyers or use of other promotional instruments. However, the large dispersion of informal traders and the low number of municipality police officials to stop them make on-street selling activities still very significant.

Box 3. Zana, housewife, 42 years old

"I often buy from the farmers. They offer lower prices for vegetables and fruits produced in their farms. Actually, I do not buy any processed products from farmers because I am not sure about their quality and safety. However, they offer better prices than vendors in public markets; there most of the goods are imported and prices are higher."

Hygiene and maintenance conditions vary from market to market, but are generally poor. Municipality staff should urgently be given guidelines on effective market management.

Supermarkets

Supermarkets are part of the radical change brought about by private enterprise in their efforts to better serve consumers. Such services are still scarce and in their initial stages, but their growth rates show great potential and indicate that more western-style purchasing behaviour is slowly being adapted.

In the capital city there are about 30 supermarkets, although their size and the selection of articles offered are far more limited than in the western world. The sector's development is very dynamic and the number of supermarkets is constantly increasing.

An interesting model is the Univers shopping centre, which started its activity in September 2005; it is 12 km from Tirana and offers all the required standards in a pleasant atmosphere, in addition to offering a shuttle service for those without private vehicles from the city of Tirana to the supermarket.

Wholesale

Tirana has 69 wholesale points as well as 63 outlets that act as a cross between a wholesale point and a retail outlet. This reflects Albanian consumers' buying behaviour, which is generally diffident towards prices offered by retail outlets and supermarkets – 23.3 percent of food purchases by final consumers take place directly at wholesale markets, because products are deemed fresher (in the case of fruits and vegetables) and cheaper (in the case of staple foods) (Centre for Rural Studies, 2005).

Since the wholesalers' normal role in the distribution chain is to obtain large quantities of goods from farmers and other sources, and to prepare and deliver them to retailers, the problem is that by offering lower prices, wholesalers end up distorting prices throughout the marketing chain.

Currently, there is only one wholesale market for fruits and vegetables in Tirana, compared to three in the past. It is situated on the remains of the former Dinamo factory, from which it takes the name, and its total surface area amounts to five hectares. The property of the Dinamo wholesale market is divided as follows:

- 62 percent is private;
- 5 percent belongs to the former employees of the factory;
- 33 percent is owned by the state agency for privatization.

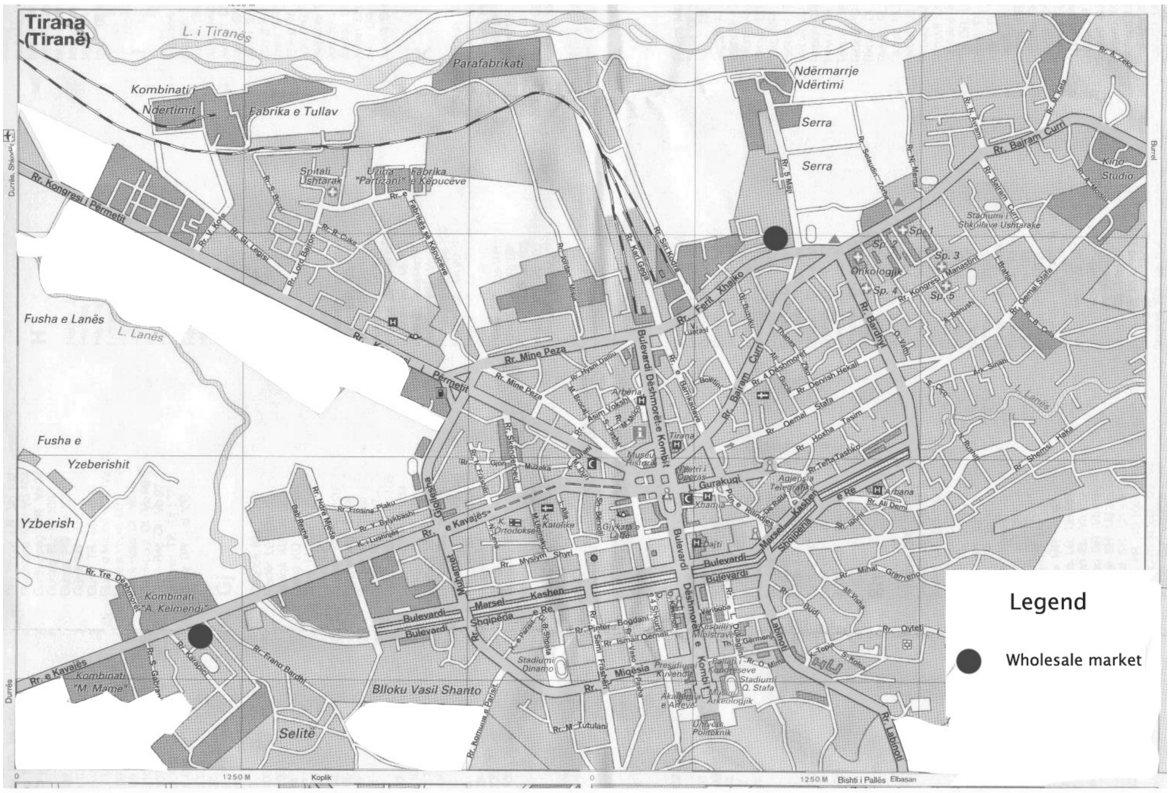
In addition to a number of occasional traders who sell food products on a daily basis, 170 permanent traders operate in this market. Sixty percent of fruits and vegetables sold year-round are imported from other countries, while rural areas of the Tirana district contribute only seven percent of the total supply.

The market offers services such as parking, product handling and weighing, storage and transportation. Traders pay taxes for rent, cleaning, occupancy, electricity fees and other services. Electricity is paid twice: to the market's owners and to the Albanian electric corporation.

Among the more problematic issues, waste management is inappropriate and traffic around the market is congested, especially during the day, even though municipality regulations state that all activities with a high impact on traffic should take place during night hours.

Upgrading and modernizing this market is vital for future demographic growth; otherwise, the growing needs of Tirana will be satisfied by informal markets that would spontaneously emerge around the city.

Map 7. The public wholesale market distribution in the city of Tirana



Box 4. Petrit, wholesaler, 40 years old

"The Dinamo wholesale market cannot adequately face food flows coming into the capital city. Even though we pay all the charges, neither private enterprises nor public institutions are committed to further improvements. There is no space for parking. We try to clean up the space ourselves or we pay other people to do so and we also pay for loading and unloading.

Handling operations are non-existent, except for some kind of sorting. Of course, opening up another market would be a solution, but there are still uncertainties about moving to another location, as there is the chance that it would not attract an adequate number of traders. Opening up such a market requires public funds or the involvement of powerful donors."

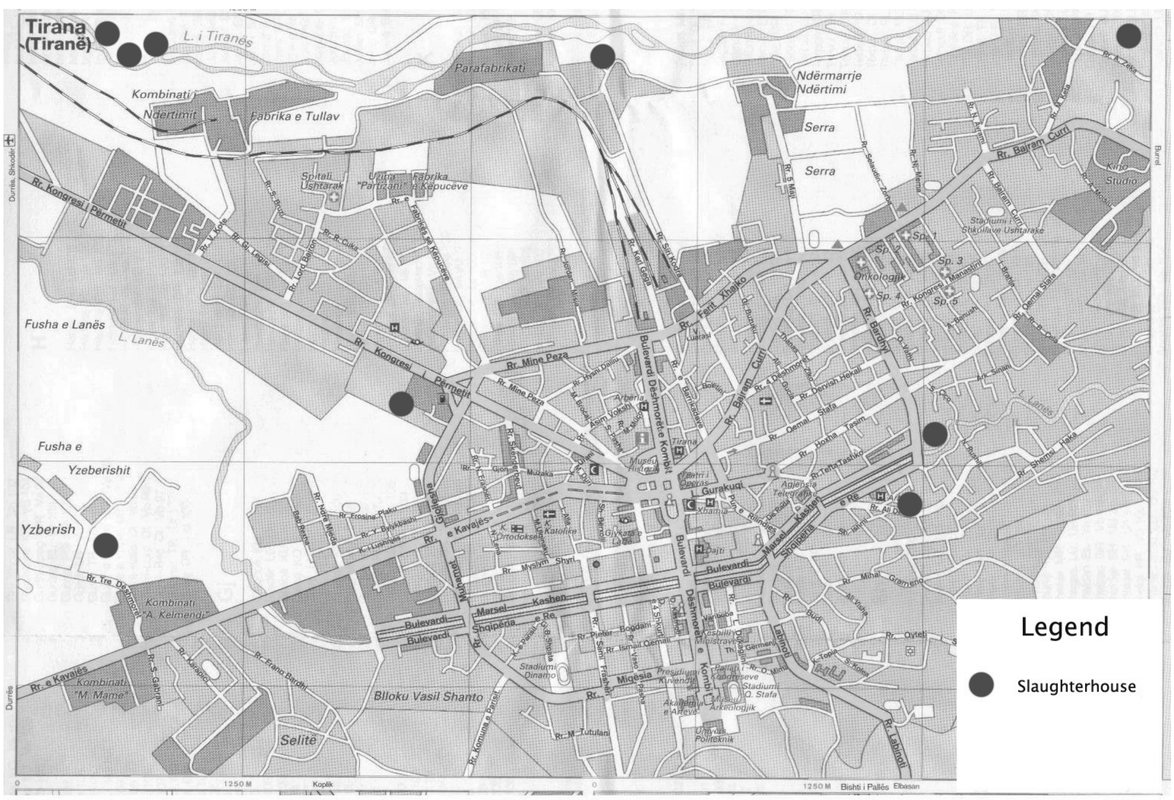
In order to correct the negative aspects shown in the Dinamo wholesale market, the possibility of establishing mixed markets – both for fresh products and other foodstuffs – was considered. Even though a specific location was identified, the establishment costs would have made utilization tariffs higher than the ones currently charged to wholesalers. Initially, it was planned that the establishment of a new market would go together with the closing of the Dinamo wholesale market. In fact, compensation costs (to be paid to the Dinamo market wholesalers) were extremely high to the extent that shutting down the market was no longer considered a viable solution. As a result, the best solution considered was to have the two markets co-exist.

Slaughterhouses

In Tirana there are six improvised locations for slaughtering activities, which do not meet hygiene and sanitary standards. The only slaughterhouse approaching such standards belongs to the Yzberish Meat Company. Moreover, many slaughterhouses only separate the carcass from the entrails, leaving other operations to butchers, such as separation of internal organs from the carcass and breaking of the bulk and anatomical cuts, that are even harder for authorities to check and monitor.

In addition to sanitary problems, the fact that the sector is largely made up of informal businesses also means that no tax is paid. It does seem, however, that buying meat from the informal sector is a common practice because the products can be cheaper (since the businesses pay no taxes) and are perceived as fresher. On the other hand, people do not seem concerned by the possible health consequences; Albania is experiencing an increase in brucellosis,[10] which, although not widespread, has alarmed authorities.

Map 8. Slaughterhouse distribution in the city of Tirana



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[10] A disease transmitted through contact with animal tissue or through the ingestion of contaminated milk or dairy products.

Street vendors

This category can be divided in:

- vegetable and fruit vendors;
- fast-food and refreshments sellers.

Since their activity is largely informal, potential problems related to food safety, environmental concerns and, finally, tax evasion may arise.

Box 5. Nardi, street vendor, 35 years old

"I come almost every day to sell in Tirana. It is not worthwhile to sell in the market since you have to pay to be there. I try to sell on the street or in nearby apartment blocks. There are many other vendors like me. My goal is to sell milk and small quantities of vegetables and fruits by noon. We are afraid of the municipality police's controls, so we change the location of our activity every day. Anyway, we manage to sell milk because it is fresh, clean and unprocessed, just like the packaged one, and the buyers prefer it. Furthermore, our price is lower than packaged milk. Official propaganda on the safety of our milk is nothing but sheer palaver. Our animals are lively and kicking, and we do not milk them if they are sick, but we immediately call the veterinarian."

Taxes and charges

Local tax levels for food sellers in general, and for fruit and vegetable sellers in particular, have been reformed over the years.

Local governments are responsible for many forms of taxation and their levels are defined on the basis of where the business is located and how much space it occupies. The income that they generate should cover the costs of both waste removal and green space regeneration and should be used to provide market services.

Unfortunately, traders complain about the quality of the services offered by the local government, deeming them poor and inadequate compared to what they pay for them. Table 12 provides three examples of taxation imposed by local government on food sellers.

Table 12. Different taxation levels, 2005

Category of business	Cleaning tax/year (ALL)	Green tax/year (ALL)
Dairy, meat, fish	20 000	
Fruits, vegetables and other foodstuffs	15 000	
Service outlets	5 000 – 20 000	7 000 – 10 000
Itinerant sellers	1 500	
Fast-food sellers		10 000 – 12 000
Sellers outside the public market		

Source: Authors' estimations.

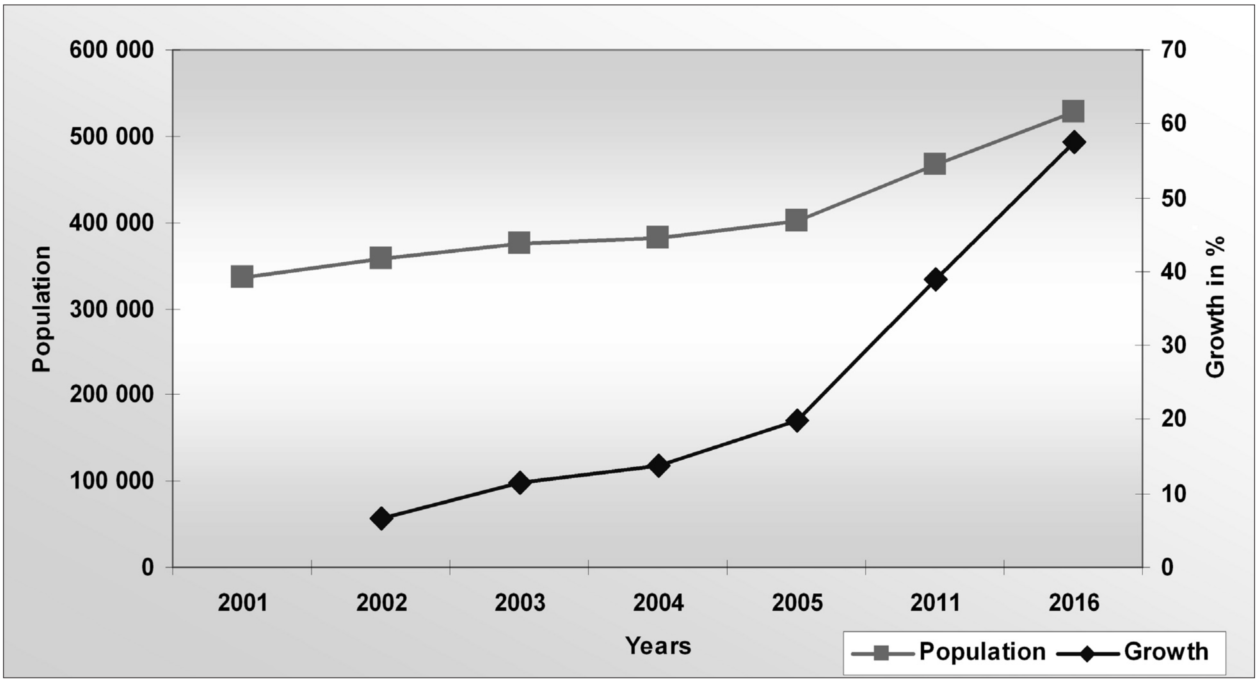
Taxes are paid annually, but the level of taxation is reduced by 50 percent for activities that are operational only in the second half of the year. Payments are usually due within the first months of the year, even when referring to the second half of the year.

4. The city and the food supply and distribution in the future

4.1 The city in ten years

A demographic forecast by INSTAT predicts that the population of Tirana will increase by 31 percent from 2005[11] to 2016, reaching 528 750. Figure 3 shows the demographic growth trend.

Figure 3. The dynamics of the Tirana population, 2001–2016



Source: INSTAT, 2004a.

The following section will present a projection of Tirana in ten years; section 4.2 presents the future situation assuming that no major change will occur, whereas section 4.3 presents the situation that would occur if positive changes were made.

4.2 The status quo scenario

From the point of view of satisfying basic needs through an efficient and reliable food supply and distribution system, demographic growth is an issue that causes a number of concerns. Tirana already

[11] There are various demographic projections for Tirana according to differences in sampling and methodology. A high number of voters who did not appear in the lists of their area of residence were found during the last update of administrative records (before general elections). A possible explanation is that administrative records do not keep track of migratory flows, which involve approximately 60 000 individuals per year. This is an example of how the city's population can easily be underestimated.

has some problems with its FSDS, and difficulties can only grow in the future unless a new long-term approach to food supply is used.

The lack of a medium-term regulatory plan for Tirana adds confusion to the markets' organization. Foodstuffs wholesale markets and fruit and vegetable wholesale markets should be in different locations and well distributed throughout the city, (not the case at present), in order to allow better planning of public retail markets, which get their supplies from wholesalers. This is a particularly urgent need since newly populated areas of Tirana are very often not well served as a result of the lack of urban standards on the establishment of market infrastructure.

If the development of a clear urban plan were to neglect population size, its density, and the associated necessary services, the currently chaotic situation in the capital city suburbs will only get worse, and people would have no alternative to the informal sector to satisfy their basic needs.

Another factor hampering the creation of efficient new markets or service facilities is the high price of land, especially in urban areas. Legislative action appears to be the only long-term solution to this problem.

Meeting the increased food demand of the urban population will be problematic if links between rural and urban areas are not strengthened. There is an urgent need for action relating to market organizations, collectors and other intermediaries.

In addition to the four already established wholesale markets in the country (only one of which is in Tirana), special attention should also be paid to the establishment of other local markets and collection infrastructure in different areas, which would improve the overall efficiency of the market system.

If the central government does not show any special interest in investing in market infrastructure improvements, in ten years the capital city's market will be in the hands of imported goods wholesalers and rural areas will see their unsold products go to waste.

In addition to its bleak consequences on the economy of rural areas, the reliance to a large extent on imported rather than on domestic foodstuffs is also risky for the overall economy, because supply will always depend on external, uncontrollable factors. In time, customs procedures will be alleviated, hence facilitating the flow of imported products in the market, but high bureaucracy levels and high corruption levels could always create problems in the supply inflow.

Concerning the transport of imported goods, important arteries such as *Zogu i zi*, *21 Dhjetori*, *Vasil Shanto*, *Medreseja* or *Rruga* e *Elbasanit* will become congested if they are not modernized. Furthermore, operations such as loading or unloading in markets are restricted to night hours by municipal regulation; while this alleviates traffic problems, it makes it harder for traders and truck drivers to do their job.

A 30 percent increase in the city's needs is predicted for 2016, and the only way to ensure regular supplies will be by either lifting restrictions on the truck's access to the city, which does not seem a viable solution, or upgrading the road system.

Finally, decentralization could benefit the city's situation, as local governments are normally seen as knowing more about local needs and expectations. However, at its current levels, decentralization is still too limited to offer interesting opportunities in terms of public investments aimed at substantially improving the quality of life in the capital city.

4.3 The desirable scenario

If the desired positive changes were made in ten years, Tirana would look completely different. If the city were to apply a clear development plan for the FSDS within the next two years, it would be in the final phase of its short-term implementation by 2016.

A necessary condition for the establishment of markets was that the institutions in charge of territorial planning would have already clarified the division of responsibilities between districts and municipalities and had defined standards for markets and services.

The markets would be located according to population density, the available space and access to roads of a given area. They would be run privately, but the public sector would act as supervisor and monitor the services offered by the markets.

Suburban 'informal' areas would be legalized and become attractive locations to establish markets and slaughterhouses. In addition to having more selling space, they could also function as collecting points, thus facilitating the flow of products along the marketing chain and better serve residents of these areas, which up until now had been poorly served by markets.

Central and local governments would lead programmes aimed at supply regulation and would work together in developing local capacities.

The goal would be to reduce bureaucracy in the market sector in the hope that this would trigger other positive outcomes:

- corruption along the supply side would diminish, creating a more enabling environment for businesses;
- private enterprises would be stimulated to invest more in the sector since it would be less troublesome and more convenient;
- supply channels would diversify;
- price discovery would be more transparent.

From the consumers' point of view, a clear-cut role division in the supply chain (e.g. having retail and wholesale markets in different locations) and the growing presence of supermarkets – which bring more competition to the system – would lower prices and reduce opportunities for the small retailers to apply abusive margins, which would put them out of the market.

5. Conclusions

Tirana is and will remain the most important city of Albania and will continue to play a key role in the political, economic and social progress of the country. Growing demographic flows and the chaotic settlement of people in the suburbs will play a relevant role in the capital city's future development. This is a consequence of the political and socio-economic changes that took place in the last 15 years and of the precarious institutional scenario that still exists. Tirana's suburbs accommodate many people who emigrated mostly from Northeastern Albania; this new population demands appropriate transportation, education and health infrastructure, as well as full access to products and services markets.

Since the population of the capital city is expected to increase by 31 percent in the forthcoming decade, a clear urban plan for the suburbs must be urgently prepared. In ten years, the ring road (see Map 3) delimiting the capital city's central area is expected to change and cover a surface double that of the current area. Increased demand for better and more diversified services of food supply and distribution requires improvements in the markets' infrastructure, location and area coverage, which are still inadequate and fail to meet the populations' demand.

Improvements in infrastructure are badly needed and should take into account not only central urban areas (those located within the old ring road), but also newly populated areas in the suburbs. The establishment of bigger and more efficient markets are difficult in areas where the population's settlement has been chaotic, yet these are the areas that most need such markets. If action is not taken and such infrastructure is not implemented there, the problem will only worsen, and the area will never be well served. In this case, food supplies will be totally dependant on the private sectors' will.

It is difficult to imagine a positive development of the FSDS if sensitive issues are not addressed, including: the presence of informal areas; a lack of clear-cut institutional responsibilities; the poor financial situation of local government; the lack of long-term urban planning and political instability.

Decentralization is still at the initial stage, so there are frequent inefficiencies and shortcomings in the implementation of the central government's programmes at the regional and municipal level. Role division, namely in fund management, is not clearly defined. Local governments are in charge of the maintenance and development of the market facilities and the establishment of new markets, but seldom have the financial and technical means to fulfil their duties properly.

Policies set on the basis of sectoral and regional strategies that also affected the FSDS appear to be hampered by institutional apathy. Relations between the government and private enterprises must be made more effective; there is a lack of dialogue and joint decision-making, and the government often fails to provide adequate information to the enterprises - i.e. to the main beneficiary of these plans- on regional plans and programmes.

Investments in already established markets should be aimed at re-planning location and redesigning offered service mixes, upgrading necessary infrastructure, if needed. These tasks are delegated to municipalities, but there are no special funds allocated to them by the central government for this purpose. As a result, financial constraints make it difficult-if not impossible-for local governments to fulfil their goals. It is necessary for the municipality to actively improve its administrative capacities and its monitoring of mini-municipalities. Since lack of governmental funding is a problem, action should be taken to involve the private sector and civil society to recognize the value of promotion, external resources and capacities.

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Annex

Table 13. People interviewed

	Name	Institution	Department
1	Roland Cela	GTZ	Project Manager of GTZ project "Modernization of Agriculture and Food Sector-EU Approximation"
2	Erald Lame	GTZ	Expert on Marketing Information Systems. "Modernization of Agriculture and food sector-EU approximation"
3	Niko Zherdi	Market and Traders Protection Association	President
4	Leka Filto	INSTAT	Agricultural Sector
5	Anila Shehu	Municipality of Tirana	Territory administration directory
6	Vjollca Bimo	Ministry of Agriculture, Food and Consumer Protection	Marketing Sector
7	Hermiona Hajdini	Municipality of Tirana	Directorate on territory control, veterinary sector
8	Aida Gega	Municipality of Tirana	Finance chief, directorate of tax and tariffs collection
9	Dritan Belegu	Meat Producer Association	Director
10	Luan Dervishej	GTZ Municipality Development Project	Director
11	Ten retailers	Lapraka, Mine Peza, Pazari	
12	Ten consumers	Consumers from different areas with differentiated incomes and professions	
13	Ten wholesalers	Dinamo wholesale market food units	

Table 14. Data on the Tirana region

<table>
<tr><th>Region</th><th>District</th><th>Municipality</th><th>Commune</th><th>No. of villages</th><th>Population</th><th>Total area km²</th></tr>
<tr><td rowspan="25">Tirana Region</td><td rowspan="25">District of Tirana + District of Kavajë</td><td rowspan="16">District of Tirana
3 municipalities
16 communes

Municipality of Tirana
(11 mini-municipalities)
Population: 402 290
Area: 41.8 km²
Municipality of Kamze
(1 town +
6 villages)
Population: 71 500
Area: 21.8 km²

Municipality of Vora
(1 town + 8 villages)
Population: 16 207
Area: 36.7 km²</td><td>Zall-Bastar</td><td>12</td><td>6 520</td><td>52.5</td></tr>
<tr><td>Zall-Herr</td><td>9</td><td>9 529</td><td>55.9</td></tr>
<tr><td>Pezë</td><td>10</td><td>6 076</td><td>87.0</td></tr>
<tr><td>Farkë</td><td>6</td><td>9 089</td><td>21.2</td></tr>
<tr><td>Vaqarr</td><td>10</td><td>8 000</td><td>39.4</td></tr>
<tr><td>Ndroq</td><td>11</td><td>9 370</td><td>20.3</td></tr>
<tr><td>Bërxullë</td><td>3</td><td>6 898</td><td>8.8</td></tr>
<tr><td>Shëngjergj</td><td>12</td><td>4 718</td><td>29.6</td></tr>
<tr><td>Prezë</td><td>7</td><td>6 062</td><td>24.0</td></tr>
<tr><td>Baldushk</td><td>14</td><td>6 100</td><td>11.0</td></tr>
<tr><td>Petrelë</td><td>17</td><td>6 800</td><td>21.1</td></tr>
<tr><td>Dajt</td><td>13</td><td>8 561</td><td>114.5</td></tr>
<tr><td>Kashar</td><td>7</td><td>17 050</td><td>40.8</td></tr>
<tr><td>Krrabë</td><td>3</td><td>3 750</td><td>1.9</td></tr>
<tr><td>Bërzhitë</td><td>11</td><td>6 152</td><td>16.0</td></tr>
<tr><td>Paskuqan</td><td>8</td><td>29 921</td><td>70.4</td></tr>
<tr><td rowspan="9">District of Kavajë:
2 municipalities
8 communes:

Municipality of Kavajë
(Kavajë Town)
Population: 35 988
Area: 18 km²

Municipality of Rrogozhine
(1 town + 1 village)
Population: 10 789
Area: 15 km²</td><td>Helmës</td><td>10</td><td>4 988</td><td>64.4</td></tr>
<tr><td>Kryevidh</td><td>10</td><td>8 810</td><td>42.2</td></tr>
<tr><td>Sinaballaj</td><td>9</td><td>2 550</td><td>28.0</td></tr>
<tr><td>Golem</td><td>11</td><td>10 246</td><td>20.8</td></tr>
<tr><td>Luz i Vogël</td><td>4</td><td>9 335</td><td>23.7</td></tr>
<tr><td>Gosë</td><td>5</td><td>7 335</td><td>44.7</td></tr>
<tr><td>Synej</td><td>7</td><td>9 618</td><td>20.8</td></tr>
<tr><td>Lekaj</td><td>9</td><td>9 503</td><td>44.0</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table>

Source: Ministry of Local Government and Decentralization, 2005.

Table 15. Poverty and inequality indicators in the Tirana region

District	Commune	Head count[a] (percentage)	Gini coefficient (percent)	Consumption (ALL/capita/month)
Kavajë	Sinaballaj	43.20	22.85	5 658.50
	Gosë	41.33	25.76	6 028.76
	Helmës	40.28	26.76	6 196.93
	Kryevidh	38.62	24.88	6 158.33
	Lekaj	36.83	25.66	6 357.54
	Luz i vogël	34.96	26.63	6 616.27
	Golem	32.16	26.44	6 820.02
	Synej	29.26	25.16	6 912.36
	Rrogozhine	27.95	29.47	7 676.52
	Kavajë	12.90	28.26	10 026.09
Tirana	Vaqarr	47.41	26.75	5 699.30
	Shëngjergj	45.65	23.98	5 648.27
	Baldushk	44.02	25.06	5 818.35
	Petrelë	42.72	27.03	6 036.59
	Zall-Herr	42.23	24.39	5 880.84
	Pezë	41.22	25.54	6 045.98
	Krrabë	41.15	25.46	6 020.20
	Prezë	40.39	27.10	6 243.29
	Dajt	35.88	27.98	6 711.93
	Zall-Bastar	34.68	27.95	6 848.38
	Bërzhitë	33.53	27.16	6 769.70
	Bërxull	33.04	27.82	6 939.43
	Farkë	32.86	25.80	6 693.55
	Ndroq	32.74	29.24	7 179.32
	Paskuqan	27.76	26.59	7 288.45
	Kashar	25.65	26.99	7 542.32
	Kamzë	27.09	25.76	7 236.27
	Vorë	23.50	25.73	7 574.76
	Tirana	17.84	29.32	9 003.02

[a] Head count is the proportion of all individuals whose level of consumption is below the basic needs poverty line.

Source: INSTAT and World Bank, 2002.

Table 16. Main economic data, 1998–2004

	Unit	1998	1999	2000	2001	2002	2003	2004
Population	Million	3.35	3.37	3.23	3.08	3.10	3.10	3.12
Inflation	Percentage	20.90	0.40	0.00	3.10	5.20	2.40	2.90
Exchange rate	ALL/US$	150.60	137.70	143.70	143.50	140.20	121.90	102.80
GDP	US$ billion	2.70	3.40	3.70	4.10	4.50	5.70	7.60
GDP real growth	Percentage	12.70	10.10	7.30	7.20	3.40	6.00	6.00
GDP per capita	US$	816.00	1 021.00	1 143.00	1 334.00	1 450.00	1 837.00	2 431.00
Total income	Percentage of the GDP	24.90	26.00	24.60	24.70	24.50	24.10	23.60
Total expenditure	Percentage of the GDP	34.30	34.90	32.10	31.60	30.60	28.90	28.50
General deficit	Percentage of the GDP	-9.50	-9.00	-7.50	-6.90	-6.00	-4.90	-4.90
Internal debt	Percentage of the GDP	36.20	37.40	42.60	39.60	38.80	40.40	37.80
External debt	Percentage of the GDP	36.90	32.30	31.60	28.20	24.40	21.10	18.30
Trade balance	US$ million	-604.00	-663.00	-821.00	-1 027.00	-1 155.00	-1 336.00	-1 579.00
Exports	US$ million	208.00	275.00	255.00	305.00	330.00	447.00	603.00
Imports	US$ million	812.00	938.00	1 076.00	1 332.00	1 485.00	1 783.00	2 182.00
Export growth	Percentage	31.10	32.30	-7.20	19.30	8.40	35.40	35.00
Import growth	Percentage	17.00	15.50	14.80	23.70	11.60	20.10	22.40

Source: Ministry of Finance, 2005.

Table 17, Poverty indicators in Albania, 1998, 2002, 2003

Indicator	1998	2002	2003
Percentage of population that consumes below the level of basic needs	n.a.	25.40	n.a.
Percentage of population that consumes less then the minimal level of calories considered sufficient for a healthy lifestyle	n.a.	4.70	n.a.
Percentage of population that consumes below 60 percent of median consumption	29.60	13.50	n.a.
Percentage of population that consumes below 40 percent of median consumption	16.20	2.50	n.a.
Percentage of population whose income per capita is below US$2 per day	46.60	10.80	n.a.
Gini coefficient	0.43	0.28	n.a.
Percentage of population living below the poverty line	n.a.	20.00	17.00
Percentage of population with running water at home	n.a.	50.00	40.00

Source: INSTAT and World Bank, 2002.

Table 18. Main agrofood production, 2000–2004

Description	Unit	2000	2001	2002	2003	2004
Sausage and ham	tonnes	4 055	4 395	5 444	5 893	7 245
Jam and compote	tonnes	218	116	369	450	438
Canned vegetables	tonnes	105	283	586	683	414
Oil	tonnes	2 229	9 748	14 026	21 530	24 528
Milk	hl	33 169	46 500	46 325	34 720	25 275
Butter	tonnes	440	334	762	467	790
Cheese	tonnes	8 404	8 056	10 336	12 055	13 301
Yogurt	tonnes	5 310	4 222	6 345	8 600	14 478
Flour	tonnes	269 000	270 000	273 391	283 755	286 997
Bread	tonnes	198 000	200 000	205 000	211 000	215 000
Noodles	tonnes	124				
Beer	hl	85 837	116 720	154 681	144 042	298 326
Wine	hl	7 413	14 228	6 625	9 164	14 024
Other alcoholic drinks	hl	28 767	29 681	46 062	39 666	34 123
Soft drinks	hl	420 448	369 990	423 069	508 567	661 136
Mineral water	hl	386 559	334 064	321 238	469 674	815 903
Cigarettes	tonnes	372	126	47	15	15
Tobacco	tonnes	2 988	4 013	2 174	2 919	752
Soap	tonnes	77	366	164	38	n.a.

Source: MAFCP, 2004b.

Table 19. Production of fruits per capita, 2003–2004

Region	kg/capita	
	2003	2004
National average	24.7	27.2
Berat	47.8	56.6
Dibër	40.5	48.6
Durrës	22.1	22.0
Elbasan	19.1	24.0
Fier	20.2	21.0
Gjirokastër	25.1	29.7
Kukës	52.3	60.7
Korçë	36.9	41.3
Lezhë	26.2	33.7
Shkodër	30.1	30.3
Tirana	10.6	10.0
Vlorë	18.0	18.7

Source: MAFCP, 2004b.

Table 20. Supply level, production and imports/exports for the processed fruits and vegetables subsector, 2000–2003 (in kg)

Years	Demand	Production	Imports	Exports
2000	13 855 764	323 000	15 091 313	1 558 549
2001	12 398 680	399 000	13 035 229	1 035 549
2002	14 024 591	955 000	14 287 613	1 218 022
2003	11 583 831	1 133 000	11 283 128	832 297

Source: MAFCP, 2004b.

Table 21. Supply level, production and imports/exports for the flour subsector, 2000–2003 (in kg)

Year	Demand	Production	Imports	Exports
2000	382 011 770	269 000 000	113 011 770	n.a.
2001	380 164 921	270 000 000	110 196 674	31 753
2002	390 541 894	273 391 000	117 150 894	n.a.
2003	351 764 396	283 755 000	70 763 636	2 754 240

Source: MAFCP, 2004b.

Table 22. Supply level, production and imports/exports for the oil subsector, 2000–2003 (in kg)

Years	Demand	Production	Imports	Exports
2000	30 980 067	2 229 000	28 789 196	38 129
2001	43 932 716	9 748 000	34 189 000	4 284
2002	47 681 000	14 026 000	33 655 000	n.a.
2003	56 672 869	21 530 000	35 294 288	151 419

Source: MAFCP, 2004b.

Table 23. Supply level, production, and imports/exports for the soft drinks and fruit juice subsector, 2000–2003 (in litres)

Year	Demand	Production	Imports	Exports
2000	47 471 405	42 044 800	12 850 649	7 424 044
2001	50 758 873	36 999 000	15 917 535	2 157 662
2002	1 071 120 618	42 306 900	65 693 403	888 242
2003	70 831 706	50 856 700	20 653 028	678 021

Source: MAFCP, 2004b.

Table 24. Domestic production of agro-industry and meat subsector (in million ALL)

	2000	2001	2002	2003
Meat derivates production	n.a.	1 717.0	2 452.0	2 248.0
Gross value in the agrofood industry	27 834.0	29 994.0	33 914.0	37 699.0
Percentage of the meat subsector	n.a.	5.7	7.2	6.0

Source: MAFCP, 2004b.

Table 25. Fresh meat production (in tonnes)

Year	Market[a]	Domestic products[b]	Imports
2000	69 374	608	68 766
2001	91 727	545	91 182
2002	89 306	623	88 683
2003	83 245	1 776	81 479

[a] Total market = domestic production + imports (export is not included)

[b] Domestic production is measured by the output levels from the registered butcheries in by part of the animals imported.

Source: MAFCP, 2004b.

Table 26. Production price levels, 2002, 2003, 2004 (in ALL/kg)

Product	2002	2003	2004	Variation in percentage (2002 –2003)	Variation in percentage (2003–2004)
Fresh cattle meat	487	545	n.a.	11.9	n.a
Frozen cattle meat	585	600	544	2.6	-9.3
Fresh pork	221	299	251	35.3	-16.1
Frozen pork	n.a.	200	200	0.0	0.0
Goat meat	450	600	n.a.	33.3	n.a.
Innards	531	333	521	-37.3	56.5
Fresh poultry	111	145	180	30.6	24.1
Frozen poultry	164	193	117	17.7	-39.4
Cured meats and bacon	490	459	422	-6.3	-8.1
Salami	447	352	330	-21.3	-6.3
Ham	452	400	468	-11.5	17.0
Hamburgers, meatballs	169	201	219	18.9	9.0

Source: MAFCP, 2004b.

Table 27. Production price levels for food processed products, (in ALL), 2002–2003 and their variation (base year 2002)

Products	Measurement unit	Average price 2002	Average price 2003	Variation (%)
Processed vegetables and olives	kg	120	127	5.83
Salted olives	kg	136	161	18.38
Fruit jam	kg	120	125	4.17
Marmalade	kg	79	103	30.38
Processed fruits	kg	114	125	9.65
Fruit juice	litre	69	78	13.04
Tomato sauce	kg	118	122	3.39
Refined sunflower oil	kg	122	120	–1.64
Olive oil	kg	288	337	17.02
Flour	kg	58	27	–53.45

Source: MAFCP, 2003a and 2004a.