

Reflection on small scale farms and their sustainable development in Albania

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Abstract

Small farms are dominant in the Albanian agricultural sector. During the last 15 years the number of family farms had changed. After a decline, that continued until 2010, the number of farms has started to increase. The main objective of Albanian small farms is subsistence farming. Currently the interest of farmers in accessing the local market is growing.

The main challenges faced by family farms include: (i) aging of the farmer population, (ii) migration of young people, (iii) insufficient knowledge for transfer of new production technologies, (iv) limited financial resources, (v) competition on the market from large companies and imported products, (vi) inefficient system of subsidies, and (vii) a lack of public investment in infrastructure in rural areas, etc.

Within the framework of the National Agriculture and Food Sectoral Strategy 2013-2020, the Albanian government has elaborated a program to support sustainable development of small farms as part of rural development programs. Support for revitalization of the traditional production system and traditional processing methods of agricultural and livestock products, for development of local quality products, organic products and agrotourism as well as implementation of measures promoting diversification, modernization, training and knowledge transfer are of the particular importance for the development of family farms.

Agriculture in Albania

Agriculture is one of the most important sectors of the Albanian national economy (Fig.1).



Figure 1. Macroeconomic Indicator – contribute of sectors in GDP

Agriculture provides the income basis for most of the population and serves as an employment safety net. The rural population is estimated at approx. 50 percent of the total population, while about 60 percent of the labor force work in agriculture and related fields.

The real mean growth rate of agriculture production during the last five years is estimated at approx. 3-3.5% per year. Its contribution has been decreasing over the years and it is estimated at 17% GDP. Growth of the agricultural sector is below the national average rate and far from its real potential. According to Dishnica (2013), factors affecting the slow growth and development of this sector can be divided into two main categories:

- (i) structural problems of the sector and rural economy in general, such as limited farmland area and considerable land fragmentation, migration from rural areas, land ownership issues, the irrigation and drainage system, infrastructure problems and a lack of access to markets, low development standard of the agrifood industry;
- (ii) low standard of used technologies, weak farmers' organizations, lack of access to financing and quality services, etc. It seems that, especially during the first years of transition, these problems had a negative impact on the interest in substantial investments in the production, storage, processing and marketing of agricultural products. However, during the recent years farmers and rural businesses are becoming increasingly interested in investments in agriculture, especially in crops and high value products such as vegetables, fruit, livestock and processing of some of these products, has increased.

The total agricultural land represents 24.2% (approximately 697,000 ha) of the total area of the country, about 561,000 ha of which are privately owned. About 43% (or 304,000 ha) of the total agricultural land is in lowland areas with high productivity capacity, about 34% (234,000 ha) is in hilly areas, while about 23% (159,000 ha) is in the mountainous areas. The land privatization reform was among the first reforms undertaken in 1991. One the main results of these reforms was the fragmentation of farm land, which is a barrier to production and marketing. Currently the Albanian agricultural sector is characterized by a large number of small farms.

Small-scale farming in Albania – general view

The Albanian agriculture is dominated by small sized farms. The total number of farms is approximately 322,300 (Statistical evaluation, Year, 2014). During the last 15 years the number of farms has changed. After 2010 the number of farms increased. (Figure 2).

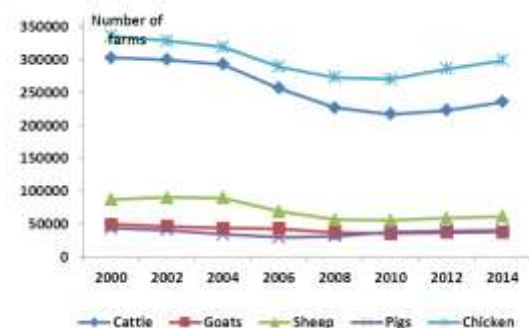
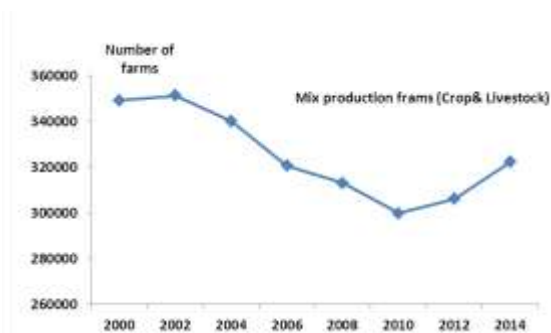


Figure no. 2 Dynamic of changes in the number of farms

The average size of family farms is 1.2 ha. (Figure 3) This area is distributed across an average of 4.5 plots, with an average plot size of 0.26 ha.

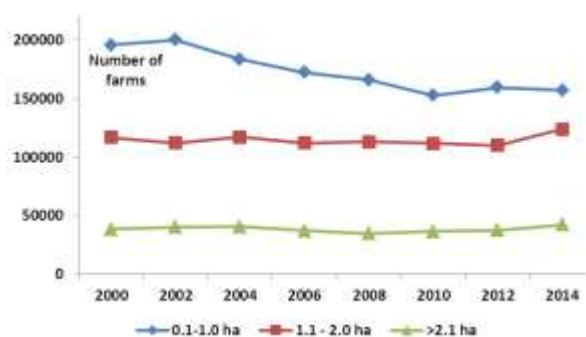
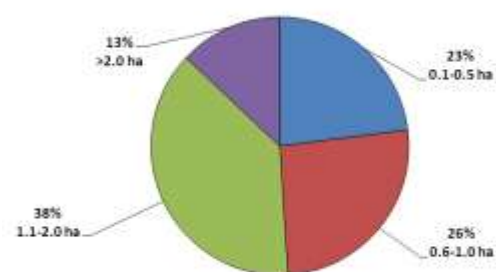


Figure 3 Agricultural Households

Dynamic of changes in agricultural households

The small farm size and land fragmentation are important handicaps to the improvement of agriculture productivity and to sustainable development of the agricultural sector.

The typical agricultural household consists of about 4.7 persons. The rural populations are still dominated by young people. About 70% of farm operators are between 15 and 65 years old.

However, it is important to note that the dominant phenomenon is the high percentage of aging farmers (Figure 4)

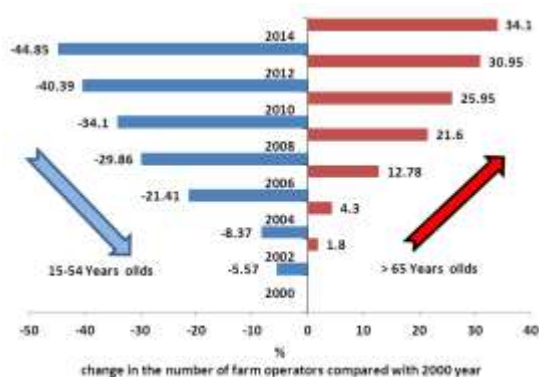


Figure no. 4 Dynamic of changes in age structure of farm operators

The level of education of farm holder is shown on Figure 5.

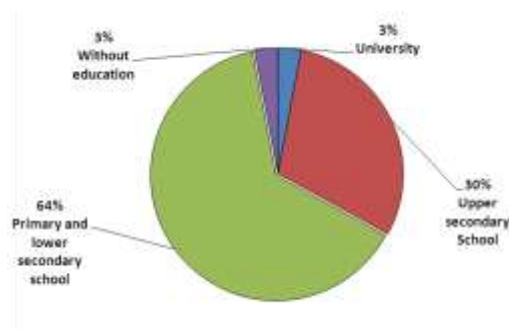


Figure 3 Education of farm holders

Livestock is a strategic sector. It accounts for about 52% of all production in this sector. Albania has optimal conditions for sheep and goat breeding in hilly and mountainous areas and cows in some flat areas. Albania has a high self-sufficiency rate of livestock production, especially for beef, sheep and goat meat, eggs and milk products.

The structure of livestock, in cattle units, and the structure of livestock production is shown on Figure 6.

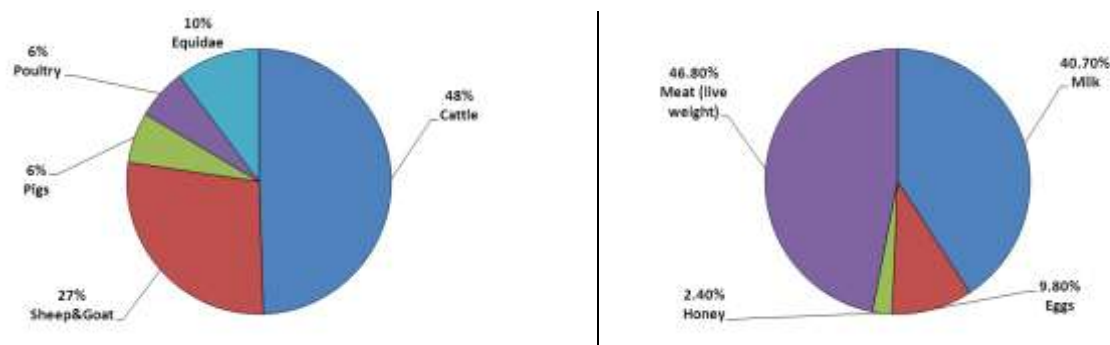


Figure no. 6 The structure of livestock and structure of livestock production

Challenges for the development of small farms

One of the main objectives of small family farms is to provide food for the family. This defines the farm structure and is, at the same time, the main factor that guides the efforts of farmers for future investments in their farms. Moreover, it is important to note that the current trend is connected with the efforts of farmers to go to the local market. Marketing of their farm products is considered by farmers as an effective way to increase the farm's income, but the success of their presence in the market depends on many factors. Today's farmers in Albania have a low starting potential in terms of their professional training, due to the past regime, which organized labor in agriculture through communist-type cooperatives that sharply divided technical skills from manual labor. The lack of education, in turn, does not allow for new and adequate

technologies to be implemented, especially in remote areas of the country, where family farming occupies all agricultural land.

Other challenges are related to the good functioning of free market mechanisms. Higher competitiveness, as a result of lower costs and higher quality, food safety and standards, will strengthen the position of farmers in the market, will raise their income and will introduce safer products in the market for farmers.



For a long time the family farming production system in general, and the traditional production system in particular, have been faced with constant challenges that are associated with migration from rural areas, land ownership and a very limited size of farms, marketing of products, the irrigation and drainage system, low standard of used technologies, weak organization of farmers, the low development level of agrifood processing, etc.

There is an evident need to make family farming and the traditional production system more dynamic and efficient, not only regarding its production, but its organization as well. The lack of intensive farming practices in Albanian family farms has resulted in the conservation of local natural resources and biodiversity countrywide. A majority of the farms use local varieties in

their production, thus preserving, among animals, local small ruminant breeds, while among plants, local varieties of fruits, olive trees, grapes, and medicinal and aromatic plants. On the other hand, family farming in itself, as a unit, is greatly diversified, including all livestock products, fruits and vegetables, fishery in small water reservoirs, medicinal and aromatic plants, beekeeping and mushroom growing, creating the right environment for developing polyculture agriculture.

In view of these recognized challenges, the Albanian government has, for the first time, dedicated an important part of its programme to these issues. Apart from policies which aim at environmental protection and the conservation of biodiversity, in order to enhance support for family farming the Government has improved the direct payment scheme to farmers through criteria, which are closely linked with the regionalization of agricultural production. The shift is very important, as the country's geographical areas vary considerably in their terrain and climate conditions, each region being suitable for the cultivation of specific products only. Family farming is the direct beneficiary of such oriented policies, since most of the country's land relief is mountainous and does not promote intensive agriculture.

Potential ways to support small farms and development of traditional production system

The main policies of the Government of Albania concerning development of agriculture and the food sector are defined in the Agriculture and Food Sectoral Strategy 2013-2020. Some of these policies comprise the government program to support sustainable development of small farms. In this framework, strategic objectives include:

- Sustainable land management, as the main component for the development of sustainable agriculture and in full harmony with it;
- Increase of employment, income and living standards of farmers and their households;
- Increase of economic efficiency of the agricultural and agro-processing sector, manifested in increased productivity and product quality
- Revitalization of traditional production and processing methods of agricultural and livestock products.
- Capacity building to support improvement of agricultural and livestock marketing products.

Measures allocated for the implementation of sustainable development of the traditional production system and small farms are organized to protect culture and the environment, including the following measures:

- Stimulation of multi-functionality of agriculture, the rural environment and culture, especially in less developed areas;
- Stimulation of development of sustainable agriculture in harmony with the environment.

The Albanian government has identified the organic movement as new actors and activities that will support the sustainable development of small farms. The area of agricultural land managed organically in the year 2013 was estimated at 5% total agriculturally utilized area.

The short and medium-term scientific research in the field of agricultural production, marketing, food safety, environmental protection and biodiversity conservation, good administration etc., are the subject of the first important government program with the sustainable development of small farms as its primary objective.

Support for family farms, small scale farming and the traditional production system are defined as the most effective ways to support the development of local quality products, organic products and agrotourism. Measures for diversification, modernization, training and knowledge transfer are of particular importance for the development of family farms.

Continuous development of the system of subsidies for family farms is one of the Albanian government priorities. Besides the above, support for an increased access of farmers to the banking system is considered as another effective way for the sustainable development of small farms and the traditional production system.

Conclusion

Small farms are dominant in the Albanian agricultural sector. The main objective of the Albanian small farms is the production of food for the family. However, currently the interest of farmers in accessing the local market has been growing.

The main challenges faced by family farms include: (i) the aging of farmers, (ii) migration of young people, (iii) insufficient knowledge to transfer new production technologies, (iv) limited financial resources, (v) competition in the market from large companies and imported products, (vi) an inefficient system of subsidies, and (vii) a lack of public investments in infrastructure in rural areas, etc.