

INTRODUCTON

Albania is a relatively small and mountainous country with a population of 3.1 M habitants. Agriculture is still the biggest contributor of incomes for the large part of population and a source of job creation. Rural population is 54% of total population, and 71 % of the working force is employed in agriculture and other activities related with it. Agricultural land accounts for 24% of the total land, with forests accounting for 36%, pastures and meadows 15% and others 25%. Out of the total agricultural land, 43% is lowland, 34% hilly and 23% mountains. Agriculture is dominated by small farms (less than 1.2 ha), fragmented in 3 to 4 plots. This fragmentation is an important barriers for a sustainable development of Albanian agriculture.

However, given the even higher growth of the wider economy, agriculture's share of GDP has declined slightly. In rural areas, agriculture accounts for 81% of the employment, although most agricultural work is part time. According to official data livestock accounts for 45% of total agriculture value added, crops 44%, and orchards 11%. Agriculture in Albania suffers from low competitiveness and local producers are often forced to accept very low incomes, in order to compete with imported products. The rural sector is not efficient, dominated from big state farms and state cooperatives dating from before the 1990s, with changes characterized by many small family based farms. However farms in Albania are small, with an average size of 1.1 ha, and are very fragmented. Farm production was increased after new owners of the farms started to work intensively to increase their yields. The success in improving yields in recent years suggests that public support for farm modernisation will produce useful results. However, markets and food quality standards are still poorly developed in Albania and increased production will need to be matched by improved marketing, if it is to be sustainable. Therefore, support for farm modernisation and market development will be of great importance.

Current Land Administration and Management Activities in Albania

Rural Albania is more dependent on agriculture than most European nations and has poorly developed manufacturing and service activities. The modernisation of farming will reduce employment opportunities in farming and one of the key element of rural development is therefore to diversify economic activities.

Albania has carried out land and property administration reforms since 1991 and substantial progress has been made in ownership transfer and recognition of property rights. Land privatization, registration of ownership rights and land use planning has been incrementally addressed by the government. The main elements of the reform included:

- revival of civil law principles and institutes, and their application to immovable property;
- authorization of market relations in land and immovable objects;
- transfer to citizens and juridical persons of rights of ownership in agricultural land, housing, and other commercial and industrial land and properties;
- initiation of restitution of property rights to families, whose rights were confiscated after 1945, and compensation when restitution has not been possible; and
- creation of an Immoveable Property Registry Office (IPRO) and other administrative mechanisms, supporting civil law and market relations.
- devolving the responsibility for land management and property taxation to local government.

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During the last 15 years, substantial progress has been made in carrying forward the civil law reforms and the programs of ownership transfer. The government has successfully privatized and issued property rights to most rural properties and about 25% of urban properties. Transfer of state land to municipality control has already started, and the process of compensation and restitution was initiated. The government also started the process of regularization of informal settlements and illegally constructed buildings. The reform programs, creating private property rights, the state property inventories and the illegal actions of citizens dividing and building on land without legal authorization, have sub-divided Albania into 4.5 million land parcels and separately-owned immovable property units. The categories and volume of properties are shown in the below table.

Table 1. Status of Land and Property Holdings by Category, 2005

Category of Properties	Est. Number of Units	Comments
Total Units of all Types	4,500,000	
Rural properties	3,300,000	579,000 hectares
- Agricultural fields	1,900,000	568,000 hectares given to 420,000 households under law 7501
- Village plots and houses	400,000	Owned prior to 1990 as "personal property"
- State-owned forest, pasture and protected lands	1,000,000	Subject to inventory and division with communes
Urban properties	900,000	
- Dwelling units (built before 1990)	237,700	Primarily apartments, sold to citizens under Law 7652
-Individual houses (built before 1990)		Owned prior to 1990 as "personal property"
-New legal dwelling units (1991-2004)	45,000	Built with permits
-Non-housing premises		Privatized by law 7512
-State/municipal	180,000	Subject to inventory
Illegal properties	90,000	In urban informal zones
Property Claims by Former Owners	42,000	30,000 claims decided; 12,000 claims pending

In the Albania of today land fragmentation remains one of the most significant constraints which impede the development of rural areas in Albania with the agriculture sector most affected. The shift from centrally-planned to a market-oriented economy has profound implications for the prevailing social and economic system and the development of a democratic society in Albania. This is especially true in rural areas. The dismantling of the state and its institutions as exclusive providers of services left large sections of the population, mostly engaged in agriculture and related activities, deprived of their main source of income. During decades of central planning, rural areas have been considered exclusively as a geographic space to allocate industrial conglomerates and large-scale state farms and cooperatives. Social infrastructure was neglected to the benefit of investment in industries and other productive sectors of the economy. After adopting market economy principles and the withdrawal of the State most of these industries are now facing bankruptcy. The critical economic and social situations in the countryside require significant efforts by all stakeholders involved with the obligation for governmental entities to assume a leading role in providing the necessary political, institutional and conceptual framework. Moreover cross-sector, inter-institutional approaches are needed since the agricultural development of the country has to be conceptualized and integrated within the broader framework of rural development. In order to improve the situation for the rural population efforts have to be undertaken to strengthen the sustainability of their livelihoods. Livelihood comprises the capabilities, assets and activities, which are required as a means of living and refers basically to the provision of assets in terms of natural, financial, social, human and physical capital including access to land and secure ownership right.

Despite this progress, land management in Albania continues to face significant challenges. Firstly, land and property rights are not fully secure. As of today, there are still about 600,000 urban and around 300,000 rural parcels not yet registered. The registration process has been particularly slow in valuable urban and coastal areas.

Secondly the slow pace of resolution of restitution and compensation claims have undermined the security of property rights and slowed down the registration of property rights, especially in the high value coastal areas. The government has enacted several laws and established the compensation/restitution commission to deal with this complex issue.

Thirdly, large numbers of illegal land subdivisions and construction projects have taken place, primarily on peri-urban areas and in tourism zones. Significant urbanization occurred since the demise of the socialist regime in 1991 when the restrictions on internal migration have been removed. Most of this development took place in peri-urban areas, often with no property rights, nor adequate zoning or building permit procedures.

Fourthly, in the absence of the proper rural regulatory plan, most of development is being undertaken without any consideration for pressures on the existing infrastructure networks and environmental damages, waste water and solid waste, etc.

Land Consolidation: the main instrument to achieve sustainable rural development in Albania

Albania has perhaps moved further than any other country in the region to introduce sweeping **land reform** as a necessary precursor to the development of land markets. As a result of this reform, the rural landscape has been dramatically transformed since 1990 with all collective farms disbanded, and approximately 98 percent of agricultural land distributed to smallholders. This has transformed crop farming from a collectivized, command structure to a fully private sector with smallholder families farming small and fragmented plots for their own consumption and for the market. Pasture land and forests have mostly not been part of the privatization process. Only recently has state ownership been transferred to communities and private persons. The legislation currently in place provides an adequate legal and regulatory framework to support a functioning land market. A systematic process of first time registration is proceeding and about 55 percent of distributed rural land has been surveyed, mapped, titled, and registered. There are some remaining practical challenges, including the problems raised by the restitution and compensation policy. Much of the remaining work is concentrated in urban and peri-urban areas, which are less significant for agriculture, but might still have major horticultural potential.

Unfortunately, the new landowners created by the privatisation and registration process have proved very unwilling to sell any land. As a result, there has been very little progress on the consolidation that needs to take place to convert the fragmented small farms into modern farms. The government is committed to improving the land market to reduce the costs and delays associated with consolidation.

Despite of the sweeping land reform and significant positive changes, the reform has had several negative results. The main problem today is that the land is too fragmented and the average size of the farm far too small. This creates problems while introducing the new measures of the agricultural and rural development policy. Those small and fragmented farms are not able to invest or to efficiently modernise the production and reduce the costs in order to be more competitive and flexible on domestic and especially international markets.

The strategic priority of the land consolidation activities for the coming period are as follows:

To continue with land consolidation schemes in order to provide methods, mechanisms and instruments which will establish the inter-connectivity between agriculture and other sectors of the rural economy and create the link between rural and regional development.

To contribute to the equal development of all rural regions in Albania, to improve the sustainable quality of life in Albania's rural communities and to reduce poverty.

The main goals of the Albania land consolidation activities as a part of the rural development strategy will be as follows:-

1. Increasing the competitiveness of the agricultural and agro-food sector through support for restructuring and the development of value added activities (with the aim financial value added of agricultural products).
2. Protecting and enhancing the environment through the sustainable management of natural resources in rural areas.
3. Improving the quality of life in rural areas and promoting diversification of economic activities, through of new job creations.
4. Developing the capacities of local level institutions to effectively plan, manage and coordinate community rural development support activities in rural areas.

The implementation of strategic plan of land consolidation and rural development will also contribute the achievements of strategic national goals through; achieving and keeping of economic growth in accordance with principles of sustainable development, increasing the human potential and achieving the necessary level of employment incomes and social integration which ensure the high quality of life.

All goals of land consolidation and rural national strategy are aiming at the improvement of the economic and social conditions in the rural areas and complement each other. Their orientation toward improving the competitiveness of the agriculture structures and their market efficiencies, the creation of jobs and achievement of higher quality of life is evident

Achieving the goals will help to keep people living in rural areas, thus maintaining traditional social support structures and reducing the risks and public costs associated with migration to urban areas. Experience in other countries shows that land consolidation and rural development can benefit greatly from improved economic, social and cultural linkages between rural and urban areas.

Farm consolidation will be promoted by a number of the activities, including measures to encourage the more dynamic farmers to use land that is currently under-utilised. The increased opportunities for income generation that are promoted by this strategy will lead to an increase in investment in farms and in agricultural processing.

The activities will be targeted at technological adjustment to Community standards, at structural improvements required to increase the competitiveness in agriculture, and at the improvement of the income situation of the primary agricultural producers.

The main activities will be as follows:

- Modernisation of agricultural holdings
- Helping farmers to adapt to demanding standards based on Community legislation
- Setting up of young farmers
- Early retirement of farmers and farm workers, where this helps promote consolidation of farms
- Improving and developing infrastructure related to the development and adaptation of agriculture and forestry

Modernisation and restructuring of agriculture will result in reduced employment in farming, which predetermine the necessity to diversify the economic activities, to create conditions for full-time or flexible employment of the workforce and to improve incomes. The creation of jobs in the rural areas outside agriculture will become more and more important in the future. Many of

these jobs will come from small scale and family enterprises, often in activities that are complementary to farming system.

The main activities to achieve these objectives are as follows: (i). Support for creation and development of enterprises based on competitive strenghts of rural areas; (ii) supporting diversification of agricultural holdings and (iii) support the pilot project initatianives in land consolidation activities. Achievement of the rural development policy goals will not be possible without the involvement and the actual participation of the people, without the creation of local capacity, without informing and training the local people to prepare and implement local development strategies. Encouraging the dialogue and the cooperation among the various local actors involved with rural development is an important step in strengthening the civil society and building working partnerships at local level.

The main activities to achieve the farm modernisation will be the support for investments in order to help farms improve output and efficiency, adopt new practices, expand and consolidate farms; value added and marketing – support to help farms and groups of farmers supply domestic and foreign markets, including meeting quality standards; forests – support for investments to improve the efficiency of forest management; training for supporting the skills development amongst farmers and those in the farming chain.

Concluding comments

Summarizing the above it is clear that any envisaged land consolidation/improved land management policy and rural development strategy in Albania has to be holistic which tackles constraints in the rural labour market, improves rural finance and stimulate land markets, in particular land rental markets. While it is too simplistic to expect the market to solve all problems, a comprehensive rural development strategy focusing on rural infrastructure, creating off-farm rural employment opportunities, reducing labour mobility costs, increasing education and skills in combination with measures regarding land consolidation, better land management and improving the functioning of land markets, in particular the rental markets, may be the best way in addressing the fragmentation problems in Albania today. This cross-sector approach is more likely to contribute successfully to farm consolidation and farm development and in general to an increase in rural household welfare.

- Farm consolidation will be promoted by a number of the activities under the strategy for rural development in Albania, including measures to encourage the more dynamic farmers to use land that is currently under-utilised. The increased opportunities for income generation that are promoted by this strategy will lead to an increase in investment in farms and in agricultural processing. Activities shall be targeted at technological adjustment to Community standards, at structural improvements required to increase the competitiveness in agriculture, and at the improvement of the income situation of the primary agricultural producers.
- Achievement of the land consolidation policy goals will not be possible without the involvement and the actual participation of the people, without the creation of local capacity, without informing and training the local people to prepare and implement local development strategies. Encouraging the dialogue and the cooperation among the various local actors involved with rural development is an important step in strengthening the civil society and building working partnerships at local level.
- The land consolidation activities and the rural development strategy is closely linked with the **Agriculture Strategy**, which describes the goals and policies for the services provided by the Ministry of Agriculture. Many of these services are designed to provide the technical and institutional support to enable rural development activities to be

successful. A modernised extension service will be a major source of advice to farmers in modernisation and in business diversification and expansion.

- Irrigation support will also be an important part of farm modernisation and the commitments to consolidation of land market reforms will be crucial to create farms of sufficient size to benefit from rural development support. The veterinary and plant protection institutions will provide the support necessary to enable Albania farmers to make effective use of the support for value added and market that will be provided under the rural development programme.
- It is recommended the review of the current legislation in order to create facilities in this direction. The establishment of a permanent inter-institutional/agency working group including representatives from different line ministries and agencies, local authorities, farmer associations, the private sector and civil society. Referring to the current circumstances, the establishment of small groups and associations participating in the land market development is recommended. The agricultural land consolidation in larger areas could be unrealistic for the moment and need a very strong financial support to improve rural infrastructure, mechanization, irrigation, agro processing and marketing