

Best Practice Case Study

**of the
Participatory Market Chain Approach (PMCA)
application as part of the SDC funded project
“Sustainable Agriculture Support to Albania”**

2009 to 2011

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The **SASA Project (Sustainable Agriculture Support to Albania)** relates to a development project that came to an end in 2011. Funded by the Swiss Agency for Development and Cooperation (SDC) and the Swiss State Secretariat for Economic Affairs (SECO), the SASA project aimed to boost overall economic and rural development through the creation of important income for the rural population while ensuring sustainable production practices and market development for agricultural quality products from Albania. This document presents the project's main results relating mainly to its last phase (2009 – 2011), which was based on the application of the **Participatory Market Chain Approach (PMCA)**, a participatory intervention methodology to trigger market-led commercial, technical, and institutional innovations.

List of abbreviations

CEFTA	Central European Free Trade Agreement
EE	External Evaluation
EU	European Union
FFM	Fact Finding Mission
FiBL	Research Institute for Organic Agriculture
GDP	Gross Domestic Product
GTZ	German Technical Cooperation
IOA	Institute for Organic Agriculture
LEIA	Low External Input Agriculture
LSG	Local self – government
MDU	Market Development Unit
NGO	Non-governmental organization
OAA	Organic Agriculture Association
OECD DAC	Organization for Economic Co-operation and Development, Development Assistance Committee
PDU	Production development Unit
PMCA	Participatory Market Chain Approach
PMU	Project Management Unit
R&D	Research and development
SAA	Stabilization and Association Agreement
SASA	Sustainable Agriculture Support to Albania
SDC	Swiss Agency for Development and Cooperation
TG	Thematic Group

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I Executive Summary

Albania is located in South-Eastern Europe between Greece to its south and Montenegro and Kosovo to its north. *Agriculture* is the second most important sector for the Albanian economy after services for three reasons: (i) it employs 44% of Albania's 3.3 million population; (ii) it is a major source of income for half of the population who lives in rural areas; (iii) it contributes 19% of GDP. Still, the Albanian government spends only 0.5% of GDP on agriculture, while credit to the agricultural sector is only 1.3% of total credit to businesses. Albania's advantageous geographical location for foreign trade as well as its favorable climate especially for winter vegetables and different medicinal and aromatic plants, together with the relatively inexpensive land and cheap labor force, present interesting *comparative advantages* for the agricultural sector.

However, to tap these opportunities, the agricultural sector has to overcome important structural *challenges*, given the fact that agricultural operations are mainly small-scale and capital extensive, and actors are suspicious about more formal business collaboration models, such as member-owned and marketing and trading associations, both being a direct post-communist result. Farm production and productivity are hindered also by limited technical knowledge, obsolete equipment and limited availability of inputs. Many small-scale farmers¹ lack access to market outlets for their products, particularly in mountainous areas. Their problems are compounded by a scarcity of market information, lack of compliance with food safety standards and inadequacies in packaging and labeling, which make their products little competitive in a market that is partially swamped with foreign commodities that benefit from production and export subsidies.

Given the strategic importance of the agricultural sector in Albania, the *Swiss Agency for Development and Cooperation (SDC)* launched in 2001 a project to support the sustainable development in this area. The *Swiss Research Institute of Organic Agriculture (FiBL)* was chosen as the implementer. The so called *SASA Project (Sustainable Agriculture Support to Albania)* considered the problems and opportunities in the agricultural and food-processing sector with the *objective* of boosting overall economic and rural development that would go hand in hand with the creation of important income for the rural population, while ensuring sustainable agricultural production practices.

From 2001 to 2009, the SASA project aimed to develop a *functional organic sector*, building up all needed services and capacities. As the *Swiss State Secretariat for Economic Affairs (SECO)* joined the project in 2006, *export promotion* especially of organic herbs and spices gained importance. The *external evaluation in 2009 showed a clear success of SASA*, which has set in place the needed government policy and support institutions, including Albinspekt, a local organic certification body accredited by EC, and BioAdria, an organic farmer association with dozens of members.

The *only drawback* was the *very limited marketing access* especially in regard to domestic sales of organic products, which – in fact – put at risk the sustainability of services and institutions built up previously. This strong request for enhanced market development led to the definition of the last project phase, from 2009-2011, where the scope of the targeted products was broadened as also "*typical Albanian products*" were involved besides *organic certified ones*. Nevertheless, the biggest

¹ There are currently a total of some 375,000 private farms, each on average with only about 1.1 ha of field crops in four plots.

change, comparing with previous phases of the project, was the introduction of a new implementation methodology, *PMCA (Participatory Market Chain Approach)*, which completely changed the project's approach, its organizational setting, and the roles and responsibilities of project staff. Making project staff become "*facilitators*" of a *participatory process* implied that market chain actors related to the production, commercialization, and promotion of organic and typical Albanian products gained a more active and important role in defining, analyzing and implementing activities. The backstopping from the side of FiBL ensured that the facilitation work of the project staff was well set in practice, with a clear focus on market opportunities.

Overall, it was this methodology, the PMCA, which enabled the SASA to functionally involve an important number of actors in quite a short time – more than 200 (two hundred) – and to empower them as part of the innovation process that produced dozens of *tangible commercial, technological, and institutional innovations*.

- SASA's work facilitated *competitiveness of organic and environmental-friendly products in the market*, which generated seasonal employment for more than 3'700 poor farming households – especially women. Income increases are considerable, shifting from €80 to €800 in many cases more than 250'000 ha of agricultural land is organically certified, however, most of it relating to wild collection.
- Successful application of the PMCA for development of the private sector yielded the following outstanding *improvements*: (i) a stronger market-demanded shift in doing business was brought in; (ii) trust among market chain actors was built; (iii) and application of market-demanded innovations was facilitated.
- The most relevant innovation, from a development point of view, was the development and launching of the *Albanian Guarantee standard*, a certification scheme which is applied currently to *64 different typical products* from Northern and Southern Albania, thanks to SASA's work relating to consumer tastings, product improvements, and label development.
- At the level of product innovations, thanks to consumer surveys and the information sharing among involved actors, SASA, enabled different actors to *improve the quality of their products* (e.g. Jufka, cheese, jams, olive oil, fruit juice) or even to develop and launch new products. Most remarkable to mention are the *two following innovations*: an olive oil mixed with *Hypericum Perforatum* and an organic shampoo line based on different medicinal herbs originating from Albania (eg. rosemary, lavender, juniper berry).
- Thanks to the networking and coordination work as part of the SASA, *seven explicit sales points* for Albanian organic and typical products are now in place, in Tirana, Durrës, Vlora, and Shkodër. Among them, there are: the "Healthy Corner" in Mercator, one of the biggest supermarket chains present in Albania, a Duty Free shop at the Tirana Airport, two restaurants offering typical Albanian food, and a sales vehicle branded with the developed regional labels.
- Concerning *exports*, it is important to highlight the export joint venture between Mercator supermarkets, the Lika Trading Company, and dozens of small-scale farmers, generating

through their export activities direct and indirect *income* of more than 100'000 Euro annually. A similar amount of rural income was generated by the Xherdo Company, which benefited from the SASA's networking activities and meaningful support to implement a cold store to develop the export business for dried wild collected blueberries.

The "horizontal evaluation" of the project and the integrated qualitative/quantitative rapid assessment of the PMCA have confirmed that SASA's last phase (2009 – 2011) represents a successful middle-sized project, which improved the livelihood of rural population and boosted the competitiveness of agricultural products through increased productivity and higher quality products in line with EU requirements.

- According to the initial assessment, *the results' indicators exceeded* expected values for 300-350% or even for 120 times in the extreme cases.
- Especially relevant is PMCA's performance in regard to the improvement of actors' competitiveness and market access, especially taking into account *behavioral and mind settings changes* – which are obvious in the areas of intervention, from the personal to the regional levels and all along market chains.
- Moreover, the PMCA contributed in *overcoming of present contextual weaknesses and risks*, in particular in regard to actors' reluctance to cooperate on a partnership basis, deficient institutional structures relating to sustainability and functioning of project partners, and limited market relations. The overcoming of these structural hindrances correlates with the PMCA's success in creating an informal but sustainable stakeholder platform for information sharing and peer learning, based on trust.

In conclusion, the SASA's last project phase is an interesting learning case for similar market development projects, while the PMCA, which brought about tangible and long-lasting changes in Albanian reality, is an inspiring methodology to be replicated in other contexts.

II Introduction

II.1 Background

Albania is located in the southeastern Europe between Greece to its south and Montenegro and Kosovo to its north. The country's total land area is 28,748 sq km. Its terrain primarily consists of mountains and hills with some small plains along the coast. Of the total land area, 20 percent is utilized for cultivated crops, while another four percent supports permanent crops such as fruit- and nut-bearing trees.

Albania faces environmental issues such as deforestation, soil erosion and water pollution from industrial and domestic effluents. As a formerly closed centrally planned state it underwent a difficult transition to a more modern open-market economy. Macroeconomic growth averaged around 6% between 2004-08, but declined to about 3% in 2009-10. Inflation is low and stable. The country's population is approximately 3.7 million with 58 % of its labor force dedicated to agriculture. Agricultural products in Albania include wheat, corn, potatoes, vegetables, fruits, sugar beets and grapes. The government recently adopted a fiscal reform package aimed at reducing the large gray economy and attracting foreign investment. The economy is bolstered by annual remittances from abroad representing about 15% of GDP, mostly from Albanians residing in Greece and Italy; this helps offset the towering trade deficit.

As in many countries, the incidence of poverty is highest in rural areas, where an estimated 57 % of Albania's people live and where most of them depend on agriculture for their livelihood. Poverty is 66 % higher in rural areas than in Tirana, the capital, and it is 50 % higher in rural areas than in other urban centers. Poverty in Albania weighs particularly on women and young people. Almost half of the poor people in Albania are under 21 years of age. Larger families tend to be poorer. Fifty per cent of families with seven or more members live below the poverty line. Rural, northern and mountainous areas are the poorest areas in the country. The incidence of poverty is highest in the north-eastern districts of Kukes and Dibra, where almost half of the population is poor and 80 % of families' income comes from social protection schemes, economic assistance and disability payments.

Despite recent years of economic growth, poverty persists in Albania, because of continual low employment and low-income levels, particularly in rural mountain areas, and it reflects the unequal pattern of economic growth. Many small-scale farmers lack access to market outlets for their produce, particularly in mountain areas. Without outlets, farmers cannot increase their incomes and standards of living. Their problems are compounded by a scarcity of market information, lack of compliance with food hygiene and safety standards and inadequacies in packaging and labeling, which make their products uncompetitive. Many farmers, asserting reactive, post-communist individualism, are skeptical of the potential benefits of more formal business collaboration, such as member-run marketing and trading associations (co-operative scar).

Total population	3,2 millions
Urban population	48%
Agricultural population	Including forestry and fisheries 1 324 000
Labor force	1.1 million (2010 est.)
Labor force by occupation	Agriculture: 47,8% Industry: 23% Services: 29,2% (September 2010 est.)
Unemployment rate	12,7% (2010 est.)
GDP – per capita	\$3.716 (2010 est.)
GDP – real growth rate	3.1% (2010 est.)
GDP – composition by sector	Agriculture: 21,2% Industry: 19,5% Services: 59,3%
Current account balance	-\$1.245 billion (2010 est.)
Export	\$1.548 billion (2010 est.)
Exports – commodities	Textiles and footwear; asphalt, metals and metallic ores, crude oil; vegetables, fruits, tobacco
Value of agricultural exports	US\$65 millions
Share of agricultural exports	4,8 % of total exports
Exports – partners	Italy 50,8%, Kosovo 6,2%, Turkey 5,9%, Greece 5,4%, China 5,5% (2010 est.)
Imports	\$4,59 billion (2010 est.)
Imports – commodities	Machinery and equipment, foodstuffs, textiles, chemicals
Imports – partners	Italy 28%, Greece 13%, China 6,3%, Turkey 5,6%, Germany 5,6% (2010 est.)
Value of agricultural imports	US\$846 millions
Share of agricultural imports	16,1% of total imports
Investment (gross fixed)	29,8% of GDP (2010 est.) (country comparison to the world: 19)
Agriculture – main products	Wheat, corn, potatoes, vegetables, fruits, sugar beets, grapes; meat, dairy products
Industries	Food processing, textiles and clothing; lumber, oil, cement, chemicals, mining, basic metals, hydropower
Industrial production growth rate	3% (2010 est.)
Land use	Land area: 2 740 000 ha Arable land: 610 000 ha Permanent crops: 87 000 ha Pastures: 484 000 ha Irrigated land: 365 000 ha Forest area: 776 000 ha

Table 1 Albanian statistical data for 2010.

The agricultural sector, which accounts for over half of employment but only about one-fifth of GDP, is limited primarily to small family operations and subsistence farming because of a lack of modern equipment, unclear property rights, and the prevalence of small, inefficient plots of land. Farm production and productivity are hindered also by limited technical knowledge, obsolete equipment and limited availability of inputs. Locally based expertise, as a heritage of a communist era of the highly educated population's planned distribution, is not utilized as a source of knowledge because of absence of local employment opportunities. Markets are distant, there is a lack of financial services and the ageing farming population is composed mainly of women because men migrate in a search of the employment.

According to the International Organization for Migration, almost a quarter of the Albanian population has left the country since 1990, mainly to neighboring Greece and Italy, along with a large urban to rural migration. Much of Albanian migration is circular in character, economically driven, and located in the low-skilled and informal economy sectors (male Albanian emigrants are mainly engaged in construction or agriculture, whereas women are employed in domestic work).

While striving for self-sufficiency in the 1970s and 1980s, Enver Hoxha's regime created the world's most strictly controlled and isolated farm sector. The subsequent collectivization of land in 1946 meant that all land and assets had to be pooled in the Agricultural Production Co-operatives (APCs) and State Farms (SFs) with the view of achieving agricultural self-sufficiency. In this way by 1976 all land had been nationalized and by 1980, 76 % of the agricultural land was cultivated by the APCs, 21 % by the SFs and only 3 % was privately owned. As the government force-fed investment funds to industry at the farm sector's expense, food output fell short of the needs of the rapidly increasing population. The government triggered acute disruptions in food supplies by reducing the size of personal plots, collectivizing livestock, and forbidding farmers to market their produce privately. By the early 1990s, the country's farms were no longer supplying adequate amounts of food to urban areas; they were also failing to meet the needs of Albanian factories for raw materials. The regime responded by stimulating agricultural production through a program of land privatization and free-market measures, cognizant that the success of its broader economic reform program depended heavily on the agricultural sector's ability to feed the population and provide the input-starved production lines with raw materials.

In the early 1990's, after nearly fifty years of a centrally managed command economy with the state as the sole owner of immovable property, the Albanian government made a firm commitment to develop a market economy and a democratic political system. The privatization of ex-cooperative land was launched with the adoption of the Law on the Land in 1991 (Land Law No. 7501 of 19/07/1991.). The law was developed solely under Albanian initiative, with little foreign assistance. The law specified that land should be distributed to the families that resided on the cooperatives at the time of the law's passage.

The law however did not provide for properties to be restituted to families affected by the Agrarian Reform. The resulting opposition by the pre-1945 owners led to the enactment of the Law on the Restitution and Compensation of Properties of Ex-Owners, Law No. 7698, in 1993 and creation of the district Restitution Commissions. In 2006, the Albanian Parliament amended the law on property compensation and restitution, which aims to resolve competing land ownership claims resulting from

the communist-era expropriation of land. The entire set of restitution compensation claims is not expected to be resolved before 2014.

One of the outcomes of a land reform in Albania has been extreme land fragmentation. Before the Albanian land reform in 1990, 420 enterprise managers farmed approximately 18,000 fields, averaging 36 hectares, and usually grouped into single, contiguous enterprises. Adhering to a notion of distributional egalitarianism, the Law on Land provided for a distribution of agricultural land to all those who had lived and worked the land under communism. After the reform, there are 480,000 families, which farm approximately 1.8 million small parcels averaging 0.25 hectares each parcel. The main fragmentation problems relate to small size of parcels and their spatial orientation in relation to their homestead. Even the institutional and legal framework for land market is developed enough for its proper functioning, still the evidence clearly shows that the land market programs do not comprise a sufficient condition. There are three fundamental reasons for this. First, land markets are generally not easily accessible, especially for poor people. Second, the way that land reform and land policy has been implemented emphasizes the problem of physical land structure at the relative neglect of other structural problems in agriculture. Third, when the first two problems above are combined – high transactions costs associated with land registration and exchange and constraints in complementary land markets – it is obvious that income-poor landowners become the most disadvantaged group of rural population. With a limited production potential, they are unable to reach the production level, which would not only satisfy their own needs, but also would produce real surpluses for the market and generate the income. They are unable to improve their livelihoods through farming due to missing markets and a lack of support, staying unable to transact their land due to the huge costs associated with land alienation.

Therefore, they are trapped in a production for household needs, without any substantial access to the market, nor any knowledge and skills to develop production and become real market players. Because of that, as well as of the market development model typical for transitional countries that is based on the export of the raw materials and the import of the final products, both Albanian agriculture and a food processing industry are still not exploring their full potentials. Other aspects, such as poor technical conditions of equipment, as well as already mentioned post-communist resistance to any kind of partnership and grouping, add more constraints to development of the agricultural production.



Albania's integration into the EU remains the main external anchor for the reform and there is full consensus among all mainstream political parties that this is the country's top priority. Albania signed the Stabilization and Association Agreement (SAA) with the EU in 2006, and, having been ratified by all member states (which made Albania the first in this respect among the countries that do not have a formal status of EU candidate), the SAA entered into force in April 2009. On 28 April 2009, Albania

formally applied for EU membership. Albania maintains good relations with its neighbors and plays a constructive role in a regional cooperation, being an active member, inter alia, of the Regional Cooperation Council and Central European Free Trade Agreement (CEFTA).

Although prices are liberalized and trade controls are gradually being reduced (under the umbrella of the EU SAA agreement signed in 2006), agricultural and food processing sector suffers from the very small size of average land holdings, a lack of infrastructure and skills, inefficient agribusiness producers, weak property rights, low quality standards and limited production and investment. The comprehensive re-distribution of state agricultural land has been completed, but much of this land still does not have secured and unambiguous property rights since legal and administrative procedures resolving ownership disputes remain weak. Most agro-processors have been privatized. There has been limited foreign investment in the sector and agribusiness companies are hampered by outdated equipment and low quality standards. Although access to credit is increasingly available through different supporting schemes, it remains limited since there is very little interest in investments into agricultural activities. Unless processing industries are stimulated to act as catalysts in supply networks, opportunities for Albanian farmers will remain underexploited, and commercially oriented farming will remain a sporadic and unorganized activity.

Nevertheless, agriculture still plays an important role in Albania, becoming an important source of the income support in rural areas. According to the present statistics (Table 1), agricultural sector currently contributes 21.2 % of GDP. Around 40 % of Albania's land area is classified as agricultural land. Around 55% of Albania's 3.1 million population lives in rural areas and more than a half of overall labor force is employed in the agriculture. In a same time, statistics are showing that in Albanian imports, a food represents one of the leading products, while in the exports agricultural and food-processing products contribute with less than 5%. All of that, together with an advantageous location for foreign trade, a favorable climate, and relatively inexpensive land, clearly indicate that there is a lot of space to develop Albanian agriculture and the food-processing industry..

Having in mind not only problems in the agricultural and food-processing sector, but especially its potentials for overall economic and rural development, the Swiss Agency for Development and Cooperation (SDC) supports its growth since 2001. The focus of attention was placed on capitalizing low input agricultural practices, such to promote organic agriculture as a concept and a production scheme that has faced strong demand and growth in latest years, especially in the EU. Therefore, SDC's SASA project (Sustainable Agriculture Support to Albania) was given a "double" goal: (i) to support the organic value chain and sustainability of the project partners in order to (ii) improve the economic situation of the rural population in Albania.

From 2001 to 2009, the SASA project had 3 main project phases. The *first phase* related to a two-year time span where the implementer, the Research Institute of Organic Agriculture (FiBL), aimed to establish the concept of Low External Input Agriculture (LEIA) in collaboration with the main local project partner, the Albanian Organic Agriculture Association (OAA). As the *External Review* in November 2002 concluded that the LEIA approach was not sufficient to improve market opportunities for organic fruit and vegetable producers, value chain and sector development become more important for SASA.

Therefore, the *second phase* (May 2002 – April 2006) was planned with the purpose to improve farmers' income by integrating processing and marketing components for i) fruit and vegetables, ii) olive oil, iii) cheese and meat. An *External Evaluation* relating to this phase concluded that, despite of important achievements, the project was not able to generate sustainable economic activities and service structures that would be able to continue without the project's support.

Because of that, a *third phase* was recommended, which started in May 2006 and finished in April 2009. This phase kept the same objectives, but aiming to strengthen the marketing component within BioAdria association, the main project partner at this stage of the project, which grew out of the previous project phase involving organic farmers and processors within Albania.. In this phase, also up front was to establish and consolidate self-sufficient organizations along the organic value chain in order to provide the community with different services, relating to organic production, extension, marketing, inspection/certification etc. The idea was that the main project partners – the BioAdria association (with its Market Development Unit, MDU, and its Production Development Unit, PDU), and Albinspekt (with its organic certification services) would be consolidated such to be able to provide these different services in a sustainable manner. In October 2008, another *External Evaluation* took place; its main *conclusions* were the following:

- SASA has set very important milestones for the organic movement in Albania (e.g. building Albinspekt, developing domestic organic market, helping exporters to find new clients abroad);
- SASA was set on very optimistic and challenging assumptions (mixed goals); some interventions were premature, inflated, not properly focused on the true needs of market players;
- Project partners (Albinspekt/BioAdria/MDU) are very engaged and motivated to play an important role in the organic market, but it will be difficult for them to become self-sufficient unless further development is based on accurate assumptions about market potential, and activities and human resources are downsized.

Given that the SDC had previously decided to phase out from agriculture sector by 2010, the External Evaluation recommended to close the SASA project through an exit phase based on a feasibility study to consolidate Albinspekt and BioAdria in the sector, while removing slightly the financial support from the project partners to force them become independent from the project and its financial resources. SDC's Management response endorsed the conclusions made by the external evaluators, but did not agree with the recommendations. From SDC's point of view, the main concern for the last project phase – to make most important sector services become sustainable – was not well taken into account. Such approach implied a more market-oriented approach, aiming to boost those market opportunities that would help the Albanian organic/agricultural sector grow, stimulating the demand for these services such that they can be offered in a sustainable manner.

In order to get clearer recommendations in regard to how the SASA should be redefined and restructured to achieve this main goal during its last phase, a new consultant was hired to conduct a Fact Finding Mission (FFM) in February 2009. The conclusions and recommendations relating to this FMM provided then the basis to plan accordingly SASA's last phase, from April 2009 to December 2011.

II.2 SASA 2009-2011

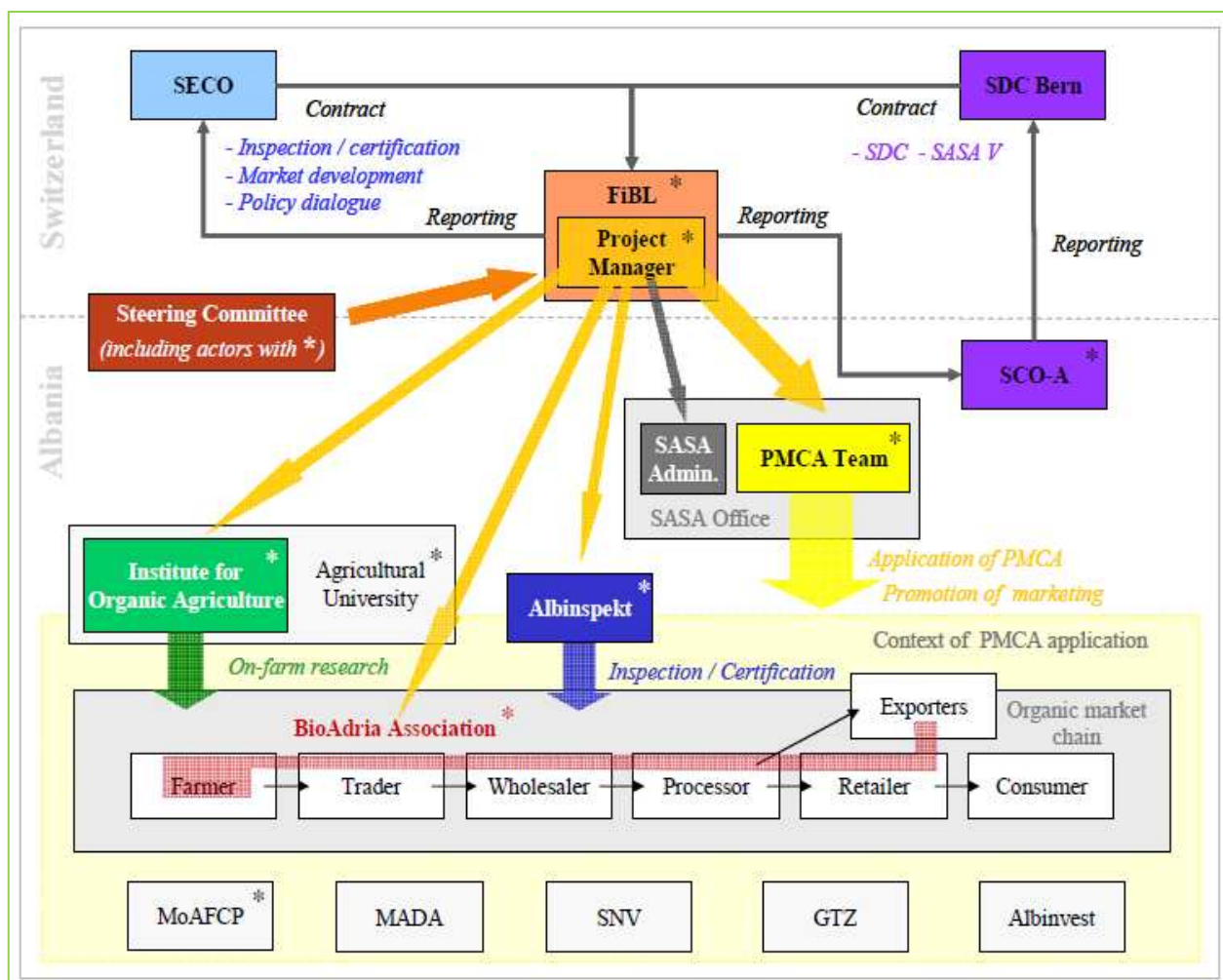
The FFM confirmed the findings of the previous external evaluation (EE), emphasizing that the SASA had achieved important results concerning the development of sectoral structures and services, and questioning the overall impact of the SASA as the sustainability of the project's achievements are not given. In contrast to the EE the FFM's main conclusion was that the SASA should shift towards a more market-oriented approach based on participatory principles, ie. from a "production supply logic" to a "market demand logic". The methodological tool suggested to make this shift happen was the Participatory Market Chain Approach (PMCA) (see Scheme 2) , being flexible enough to build on project's achievements while enabling a stronger involvement of market chain actors and project partners to jointly identify, analyze, and implement innovations that would trigger the expected outcomes and impact driven by stronger market growth.

Goal (expected impact)	
To improve the economic situation of the population of rural and remote areas where SASA is intervening, through environmental friendly production practices and market-oriented efforts that foster quality production of Albanian agricultural products for the domestic and export market.	
Objective (expected outcome)	
Commercial, technological and institutional innovations, all contributing to take ad-vantage of existing and new market opportunities in the segment of quality production, including organic and regional products with corresponding labels, are triggered.	
Expected results (expected outputs)	
1.	Market opportunities for organic and quality label production Market chain actors together with supporting R&D organizations identify, analyze, and implement together existing and new market opportunities in relation to organic agriculture and other quality label production.
2.	Agriculture expertise for quality production Research and dissemination of know-how in regard to environmental friendly agricultural practices is ensured by IOA.
3.	Access to organic inputs Market chain actors involved in organic agriculture have access to permitted agricultural inputs, either produced in Albania or imported (without project subsidies).
4.	Enhanced competitiveness for organic farming Market access is facilitated by means of networking, cooperation among market chain actors, provision of specific services and common marketing activities, e.g. common label programs through BioAdria.
5.	Promotion and implementation of quality management programmes Market chain actors have access to quality management and certification programmes and specific expertise is available for developing such schemes for non-organic environmental friendly production adapted for the Albanian framework.

Table 2 *Main elements of the SASA 2009-2011*

Overall, the last phase of the SASA Project, from 2009-2011, was based on the same assumptions as previous phases. It kept also the same partners from previous stages, although suggesting clear

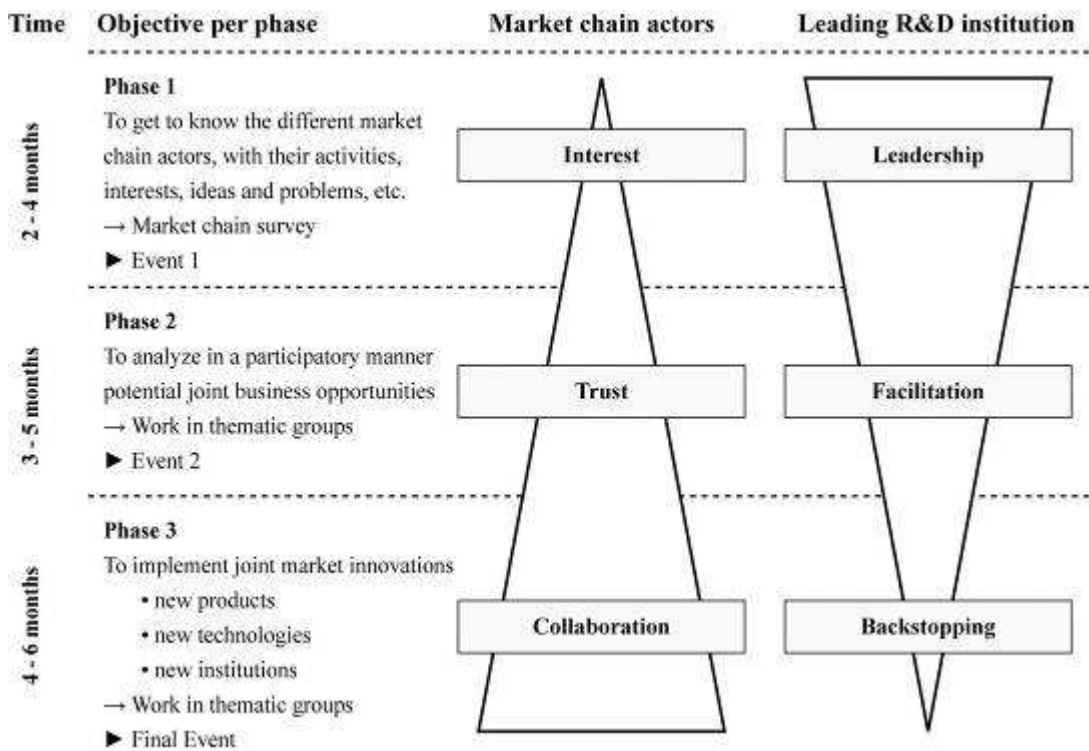
pathways to make these partners and their service provision activities become more independent from the project. Importantly, to gain more strength from the market side, this last phase, however, would broaden the focus from “pure organic products” to also include “traditional products” in the Project, for which an own quality standard would be developed, being less rigorous than the organic standard. In any case, the proposed way forward implied a clear shift in terms of approach, from a more production-oriented one to a market-oriented one, aiming to achieve sustainability of necessary services rather than institutions *per se*, capitalizing the already achieved results in order to boost overall impact (Table 2). Nevertheless, at the operational level – relating to the new project structure and the definition of roles and responsibilities of staff directly hired by the project – the biggest change, in a comparison with previous stages of the SASA Project, was the introduction of a new implementation methodology, the PMCA (Participatory Market Chain Approach). The PMCA enabled the setting in place of a strictly actor driven intervention approach where project staff would act mainly as “process facilitators”, as part of the new PMCA Unit that was formed out of the previous Market Development Unit (MDU) being part of the BioAdria. In a comparison with previous SASA’s stages, the organizational structure of the SASA 2009-2011 was re-arranged according to the new implementation methodology, and set as it is presented on the Scheme 1.



Scheme 1 Organizational structure of SASA 2009-2011

The Participatory Market Chain Approach (PMCA) is a participatory R&D method for promoting pro-poor market chain innovation together with market chain actors and supporting R&D organizations. It was first developed and applied in Peru and Bolivia by the Papa Andina Initiative together with its local partners as a means to contribute to sustainable poverty reduction in rural potato producing areas. Later it was applied in Uganda to validate its concepts and consolidate the methodological guidelines developed so far in the Andes. In recent years, it was being applied in Indonesia, the Philippines, and Columbia.

Based on a structured and facilitated participatory process, PMCA gradually generates interest, trust and collaboration among market chain actors and supporting R&D organizations, as a mean to stimulate pro poor innovations. With its 3-phase structure (see figure below), PMCA has proven to be flexible and applicable in different contexts, having great impact potential in settings where crops grown by poor households are targeted and boosted through different type of innovations, including the development of new products, new technologies, and new institutions. In order to ensure optimal impact with tangible outcomes—adding value to both consumers and actors involved in the PMCA process—excellent process facilitation is required from R&D staff trained in the method and having good social skills, research and marketing knowledge.



Scheme 2 Structure and objectives of the 3-phases of PMCA

In a case of the SASA 2009-2011, **the PMCA phases** had been:

Phase 1 Identification of actors and market opportunities (May – August 2009)

The objective of this phase was to understand better the involved market chain and its actors, together with their interests and problems, and to identify market opportunities based on an interest of the involved and interviewed stakeholders. In order to achieve this objective, a rapid assessment was conducted as a first step to clarify what crops are promising a best impact. Results of this assessment have shown that on the domestic market, the biggest impact could be achieved through improved marketing of organic vegetables and typical (traditional) products; concerning export, most interesting business opportunities would relate to medical herbs and mushrooms. In addition, findings from this activity were used to define which of actors in the value chain should be interviewed.

The second step was a definition of the actors to be involved in the interviewing process. The objective of interviews was to identify market chain actors with their activity, interests and problems, as well as opportunities for each market chain. The adopted sample (39 interviewees list) consisted mainly of traders and processors, as actors who are more directly confronted with a market demand, followed by producers and institutions supporting the agriculture and a marketing development field. Sampling and survey activities were regional by character and more general by content, in order to ensure a representativeness of the Albanian market in whole.

Results of this survey were presented on the Final event of PMCA Phase 1, on which 79 actors attended including important market chain actors, other sector stakeholders and project partners. The main purpose of this event was to share the survey's findings and to discuss previously identified market opportunities through a joint brainstorming process, while making stakeholders understand a SASA's new shift from a "pure organic logic" to a setting where also "typical or traditional" products will be involved. The latter was supported by the survey's findings since they revealed an interesting market potential for typical product. Because of that, it was suggested to create three Thematic Groups – Typical Products from North, Typical Products from South and Organic Export – for a further development of identified opportunities.

Phase 2 Analysis of market opportunities (September 2009 – May 2010)

The objective of this phase was to analyze and fine tune previously identified market opportunities in each Thematic Group (TG). Nine meetings were organized for each Thematic Group. Out of total 49 actors involved in the work of the North TG, an average number of participants per meeting was 15. Out of 60 members of the South TG, an average participation on the TG's meetings was 19 actors per meeting. Issues discussed in the meetings related mainly to: identification of consumer needs, problems and bottlenecks for business opportunity; definition and elaboration of a common label for all products relating to the north or south region respectively; elaboration of marketing concepts for different products; sharing of information on market research; promotion activities such as fairs, open days; implementation of focus groups and cost analysis. Overall, the work during PMCA Phase 2 concluded in the following concrete market opportunities:

- For **North TG**: home-made pasta (Jufka), goat cheese from typical goat, forest fruit (hazelnuts, chestnuts), honey, fruit jams, mushrooms, teas, dried fruits & vegetables, olives.
- For **South TG**: seasonal and winter vegetables, dairy products (cheese, butter, milk), olives and olive oil.
- For **both groups**: the concept of a traditional restaurant, offering traditional cooked dishes.

In the work of the Exporters TG, besides the around 50 actors that have been directly involved in the PMCA process, hundreds of farmers were indirectly involved and affected. During the Phase 2, the Organic Export TG had in total 8 meetings discussing different opportunities common for the whole TG, such as preparations for BioFach 2010, promotional activities like websites for each exporter, involvement in regional fairs such as KASH (Tirana) and Summer Day (Elbasan). Since this TG related to different market opportunities, additional “working group” meetings were held relating to chestnuts, olive oil, medicinal herbs, special herbs etc.

In May 2010, the Final Event of PMCA Phase 2 was held. During this event, participants themselves presented all market opportunities discussed and a work done during the PMCA’s Phase 2 in the context of the three thematic groups - North, South and Organic Exports.

Phase 3 *Implementation of joint innovations (May 2010 – April 2011)*

The aim of this phase was to implement market opportunities and innovations identified and analyzed in the previous phases. For each TG, the work is translated into different concrete activities: product development and improvements, packaging and label design, promotion and networking activities etc.

The main and overarching activity related to the development and launching of the Albanian Guarantee standard, the “rule book” for the created labels relating to the typical products linked to Northern and Southern Albania. Similarly important, also being part of the common work of all thematic groups, was the establishment of the “Healthy Corner” in Mercator, and the introduction of sales vehicle under the concept of the “mobile food shop” in Tirana. It resulted very attractive for both consumers and the media, as a part of SASA’s active public awareness creation, going hand in hand with active participation in different regional and national fairs. Concerning the promotion of organic exports, a very successful participation at the BioFach 2011 was a key. Out of the 138 business contacts established during this fair, the participating Albanian companies considered 35 of them highly relevant. Based on expected business contracts and agreements during the fair, an expected financial impact was calculated relating to approximately 450.000 Euros.

The overall success of the PMCA process was presented on its final event, held on April 15, 2011 in Tirana International Hotel. The project invited around 100 persons, but participation resulted much higher, with 168 persons attending. The main objective of this event was to present to a wider public joint innovations resulting from the process, with an important message that the PMCA’s actors are real owners of all innovations. In this logic, the PMCA team used the Big Final Event to enable involved actors to present their innovations and new marketing partnerships to a wide public. A strong media involvement during this event spread this information nicely, helping to consolidate these achievements by strengthening actors’ ownership over all innovations.

Consolidation Phase (April 2011 - December 2011)

Methodologically, as ownership and responsibility over innovations created during the PMCA process was transferred to the market chain actors in the Big Final Event, the PMCA Team moved into a clear backstopping role for the last months of the project, aiming especially to further strengthening of the regional labels, its products and its actors. For instance, it was during the consolidation phase that the sales van's ownership was clarified, as a trading company was chosen to receive the van for a testing phase from September to December 2011 prior to a final legal hand over. In order to strengthen the regional labels and to broaden the portfolio of branded products, new groups of actors interested in this new labeling were have joined to actions, such are different producers from the Permeti region, honey producers from Tropoja, apple producers of Korca, and potatoes producers of Kukes.

The Consolidation Phase was also used to consolidate the management system relating to an operational work of the Albanian Guarantee standard. As it is discussed previously with actors using the regional brands developed by the SASA, the ownership over this standard was transferred to the Albanian Association of Marketing, an entity that was established around the PMCA Team, in order to create a sustainable solution for a label ownership, certification services and promotion activities. Thus, in September 2011, the labels were registered in the Albanian Patents and Trademark office. After the establishment of all procedure documents in accordance with the regulations of the AG standard, a corresponding certification work was started for each actor and product involved. At the end of the Project, in a late December 2011, 64 products were part of the Albanian Guarantee scheme.

Moreover, aiming to pave a way for the actors beyond the project, the PMCA Team also supported the organization of the Albanian organic producers' participation and their stand on the BioFach 2012. Other activities related to an export promotion focused on a label improvement and product development for different organic products. For instance, a development of an organic shampoo line based on organic ingredients grown in Albania (ie. rosemary, lavender, juniper berry) was supported. The exporter involved in this activity will use BioFach 2012 to test the international market for these shampoos.

Concerning further strengthening of marketing channels for organic and typical products, the SASA have continued to support special initiatives from the BioAdria members, aimed to set in place the specialized sales points. For instance, in Durres the SASA supported branding and launching of a retail shop, together with a van used to source different products. In Shkodra and Vlora, two sales points specialized for organic and typical products were supported, together with two local restaurants that offer special dishes using organic and typical food. Promotion and networking activities continued up to the end of the project, aiming to take advantage of any opportunity for further promotion of both project innovations and their owners.

II.3 Quick reflection on SASA 2009-2011

In a strategic sense, the PMCA process capitalized previous SASA's achievements and capacities. It worked towards a sustainability of services previously supported by the project, through targeting business opportunities that increased a demand for these services. The impact pathway was strongly driven by the PMCA process, which aimed to implement and promote innovations, which are benefitting the poor directly (i.e. direct income generation through product sales) or indirectly (i.e. indirect income through triggered labor opportunities) through sound business ventures. Since an important social capital is generated as a part of the PMCA process, the SASA also got a better handle to intervene at the meso and macro level, through activities relating to public and political awareness, helping to boost a demand for pro poor crops targeted in the previous project phase.

Special value added for the sector related to the new services introduced as part of the PMCA Unit, aiming to build market-oriented capacities and to generate an ownership over achieved innovations. The PMCA Unit has worked closely with the other SASA partners (ie. BioAdria, IOA, Albinspekt), thus creating valuable synergies for the benefit of actors and the sector.

From a project management point of view, the flexible allocation of project funds must be highlighted. Especially important were the "Contribution to Innovation" resources, which could be allocated to interesting opportunities arising during the PMCA process – based on a "concept document" approved by the Project Manager and the donor. This allowed to functionally allocate funds for product and label development, trade fairs, other type of promotion activities, or farmer training etc.



III Evaluation Methodology

In order to assess the new methodology used for SASA 2009-2011, a participatory peer review was implemented involving SDC staff and project staff relating to similar (SDC) projects in the region. The *Horizontal Evaluation (HE)* was used for this purpose, a methodology developed by the SDC funded Papa Andina project in South America, which has proven to be very useful to enhance cross-country learning on specific topics. In comparison with conventional evaluation methods, usually conducted by external evaluators, the HE with its different, participatory and developmental, logic is enabling both internal and external actors to derive key insights as an input to improve their own work.

Such Horizontal Evaluation workshop was held at a beginning of September 2011 in Tirana, with the aim to evaluate the application of the “Participatory Market Chain Approach” (PMCA) as part of the last phase of the SASA project, from 2009 to 2011. This workshop had two main objectives:

- To assess the usefulness of the PMCA as a market-oriented sector development methodology, concerning achievements at the outcome level and the expected impact, compared to other, more conventional production-oriented approaches.
- To learn, share, socialize, and document the most important methodological and practical lessons, concerning successful market development in the agricultural and other sectors to be applied in new projects/programs.

Besides generating important learning among involved staff, it was expected that the 3-day workshop would provide important information for a more detailed qualitative and quantitative assessment of SASA 2009-2011, where the PMCA has been the main driver to define, analyze, and implement a market-oriented agricultural sector development in Albania. The workshop participants concluded that “PMCA made a clear difference in achievement of SASA’s final results”. Since one of the final recommendations was that the project’s results should be documented in an optimal manner, the decision was taken the above mentioned hypothesis would be tested through a rapid assessment based on an integrated qualitative/quantitative methodology. The present document is the result of this assessment.

The applied evaluation method is based on a sequential integration of qualitative and quantitative approaches in a developmental evaluation. Since on the Horizontal Evaluation workshop are clearly identified grounds for the follow-up interventions in the post-SASA period, for present summative rapid assessment was decided to apply developmental, rather than development approach. As an initial hypothesis was assumed that “the PMCA implementation methodology made the SASA successful”. It clearly focused the evaluation process on the PMCA, while the Project was perceived mainly as a platform and context for its application. Quantitative elements of evaluation were provided through the desk review of available documents (see Annex 2) with additional field assessment of the indicators’ values as they are defined in the Project Document’s LogFrame. The assessment was primarily on the PMCA process *per se* and not on the project as a whole. Values of the indicators are listed in the Table 5 and afterwards commented in the chapters IV.3 and IV.4.

For a gathering of the qualitative elements was chosen a method of the open interviews with sampled interviewees. The sample (Table 3) was defined on a basis of 3+1 pondered criteria, in order to secure representativeness of the sample even under constrains of a rapid assessment. Chosen sample includes nine representatives of different market chain actors involved in the SASA 2009-2011.

The list of open interview questions (Table 4) was developed based on the OECD DAC criteria (Table 4), in order to enable a triangulation of the findings with the quantitative data (indicators), regardless the fact that it was primarily an evaluation of the implementation methodology, and not the Project itself. Since the evaluator was from a neighboring country (Serbia) with regionally comparable developmental experiences, and with a good basis for the understanding of the local context, relating to behavior and tradition, interviews and communication worked fine, even using a translator.

Case	WHO	WHERE	WHAT	
	Place in the market chain	Geography (North, South, Center)	Sector (LD/Agricult. or M)	
Jufka – traditional Albanian pasta production (pg 40)	Producer Processor	N	LD/A	M
AgroPuka Association – typical products (pg 41)	Processor Retailer	N	LD/A	M
Shpresa Shkalla – olive oil production (pg 42)	Processor Exporter (retailer)	C		M
Lika – production and export of vegetables and fruits (pg 43)	Producer Wholesales Exporter	S		M
Shkodra/Zus - restaurant and olive growers (pg 44)	Producer Retailer	N	LD/A	M
Tomadhea – production and export of herbs (pg 46)	Processor Exporter	C		M
Mercator – supermarket chain (pg 47)	Retailer Exporter	C		M
Peshkopia Dairy processing (pg 48)	Processor	N	LD/A	M
Dushk - olive growers (pg 49)	Producer Processor	S	LD/A	M

Table 3 Sampling table

LD – local development

M – market development

Criteria (OECD DAC)	Question (key words – think, opinion)	Comment
Contextual Relevance and Project Design (Relevance)	Describe your work before and now	Try to picture to me your everyday work
Efficiency of the PMCA Methodology (Efficiency)	Was it something important for you?	Have you miss something else?
	Compare it with other support	Government, LSG, other donors and projects if it's any
Effectiveness of the SASA Project (Effectiveness)	Have all money, time and efforts in action paid off?	Is it worth of it?
	Have you gained expected results out of this?	Do you have what you have expected?
Derived and Expected Impact (Impact)	Have you had any other (unexpected) result out of it?	Have something happened that you have not expected, but is also good and useful?
Sustainability of the SASA Achievements (Sustainability)	Are there any effects on your community (region, village, municipality, area)?	
	What would you like to do next (in the best of all worlds)?	
	Has any of that came to you as an idea because of SASA?	
Other	Do you think that from now on you can go on your own?	Do you think that things you have achieved will last and go further or they will “die” without further support?

Table 4 Open interview framework questions

The analysis of interviews' results was guided by the case and by the criteria, considering both qualitative and quantitative information, while a triangulation of the results have been concentrated mainly on the intervention effects findings (effectiveness and impact criteria). Results and conclusions of the assessment are presented in the following chapters.

IV Evaluation Results

IV.1 Contextual Relevance and Project Design

“Do not give a fish to a man. Teach him instead how to fish.”

Mercator representative

Most important ***conceptual changes*** between the SASA 2009-2011 and previous phases of the Project are following shifts:

- ✓ from the *production focused* to the *market focused* interventions
- ✓ from the *“sustainability of institutions”* to the *“sustainability of services”* request
- ✓ from the *donor/implementer driven* to the *actor driven* (PMCA) approach
- ✓ from just *organic* to *organic and traditional* products.

Despite the above-mentioned conceptual changes, relating to SASA 2009-2011, the main “challenge” of the SASA Project, to combine “pro poor” and “pro market” as part of “double strategy”, remained unchanged. If this “double strategy” was really “ambitious and un-realistic”, as it was mentioned as part of the previous external evaluations, any change of the approach would not promise such achievement. Nevertheless, the SASA 2009-2011 succeeded to do so, “just” by changing the intervention, which proved not just relevant for the last project phase, but for SASA in general. In this sense, the experience relating to SASA 2009-2011 assumes that the initial project goal actually has been realistic, but the project design somehow failed to identify and set in place the right type of actions, necessary to produce the desired achievements.

In the case of application of the PMCA, ***the project’s design*** based on log-frame methodology could be challenged from the adequacy point of view, even it is an issue connected with constrains of a present donor’s methodology and rules of procedures. In the recent practice, log-frame methodology is usually criticized for its inability to capture all causalities of the change processes and to follow real-time changes during the development intervention, once a log-frame is defined and fixed at the beginning of the process. Beside of that incompatibility with highly flexible and participative implementation approaches such the PMCA is, in the case of the SASA 2009-2011 a logical model and

a logframe structure also have not allowed to make visible enough the fact that the intervention actually consists of two different components – PMCA and non-PMCA ones. Initial quantitative assessment of the non-PMCA component showed that this component is not successful like the PMCA one, but the overall Project impact is reached, which could imply that those activities had not been critical for its achievement. From that point of view, for purposes of this review the non-PMCA component could be disregarded as non-relevant one. Furthermore, the subject of the present evaluation is the PMCA methodology and therefore it would be a logical to take into consideration only the PMCA component. Nevertheless, during the implementation of the SASA 2009-2011, structures build trough the PMCA process overtook some functions of institutions from the non-PMCA components, and by that enabled a reaching of a services’ sustainability. In generally, it does not add to the compatibility of the project design method, but justifies **relevance** of foreseen actions and of the chosen implementation methodology. Thus, for the purposes of the PMCA assessment, non-PMCA components had been also taken into consideration.

As an **actor driven approach**, the PMCA enabled a realistic needs assessment and identification of priorities, through the establishment of an informal stakeholder platform that promotes peer learning and co-operation among market chain actors. At the beginning of the project, market skills and knowledge had been concentrated mainly on the “market end” of chain, and in a majority of cases, they have been gained during the education/working abroad. A participative and actor driven implementation method, such the PMCA is, enabled utilization and a further development of the existing knowledge base and its spreading all along a market chain.



“To be in the same chain with Mercator does not mean just a better selling, but also a lot of learning.”

AgroPuka’s Director

All interviewees pointed out that at a beginning of the SASA 2009-2011, they had clear needs and priorities driving their interest to join the PMCA process. However, especially the first two PMCA phases based on the information sharing as part of the events and TG discussions, had important impact on their knowledge and perceptions, such that their initial thinking was replaced by more consolidated ideas concerning real market opportunities and consequential development needs. Therefore, on the “relevance” question, all of them answered that the project responded very accurately on their **real needs**, which they had been able to identify and formulate only because of a learning and cooperation during the PMCA process. From that point of view, the PMCA methodology represents a clear value added to the overall project.

IV.2 Efficiency of the PMCA Methodology

“SASA and PMCA are not so much about money, but about a real benefit.”

Zus olive growers’ representative

“PMCA did a lot for a short time.”

AaroPuka’s Director

The statements mentioned above reflect the type of answers different interviewees gave related to PMCA intervention’s efficiency. Actors had been asked to explain main benefits of the SASA 2009-2011 and of the PMCA, and to compare it with similar project experiences, in case they had been involved in similar projects. The given answers pointed out the following **main benefits**:

- ✓ developed market models, which could be further replicated with or without donors’ support
- ✓ market and production innovations (labels, packaging, etc.)
- ✓ established network/co-operation with other market chain actors
- ✓ appropriate form of a joint work (PMCA stakeholder platform)
- ✓ new knowledge and skills, gained through a joint work
- ✓ availability of necessary market services
- ✓ backstopping capacities in a form of the PMCA Unit
- ✓ business development and income generation

Even if only the last point would be taken into consideration, figures are showing that the SASA 2009-2011 succeeded to generate income that by far exceeds invested amounts of a direct support to the market chain actors. Depending of their position in the market chain, interviewed actors pointed out that because of the SASA 2009-2011 their **income increased** by 2 to10 times in comparison with annual incomes before the intervention. Their explanation relates to the fact that, through PMCA, they were enabled to identify their real needs and take corresponding action thanks to the newly gained contacts and to the project’s support.



„The new approach has changed things in Albania, because now we have labels, the IOA, Albinspect, etc. ..all small-scale producers needed...“

AgroPuka’s Director

According to all interviewed actors, the main benefit of the PMCA is not the direct financial support provided by the project, but all less tangible achievements that explain and underpin ***sustainable and long-term improvements of actors’ businesses developed and promoted as part of the PMCA process***. For example, a single participation on the BioFach fair generated a total export contracts’ value of about 450.000 Euro. Only after the first post-intervention season, the previous household incomes of involved actors in Zus, Peshkopia, Dibra and on the other locations have at least doubled. A comparison of those financial benefits with total costs of the SASA 2009-2011 or with its average financial support to the single actions (less than 10.000 euro, in the underdeveloped regions of the country with GDP per capita of 3.716 USD) implies a very favorable c/b ratio of the individual interventions and of the project in generally.

Importantly, the PMCA networking did not only generate new contracts and increased income, but also enabled actors to become a part of new co-operation models. This outcome is significant, as it made actors overcome their prevailing suspiciousness and “co-operatives scars”, while overcoming the biggest challenge of Albanian agriculture, an efficient production at bigger scale, obstructed with the strong land fragmentation. From that point of view, interviewed actors perceive the PMCA stakeholder platform itself as a crucial achievement of SASA’s last project phase, because it provided them with an acceptable model for the aggregation of farming production capacities. Related to that, it is also important to stress that the SASA 2009-2011 boosted development of the Albanian agriculture and food market to the extend, that the present supply of organic and traditional products (constrained by the limited production capacities) is a viable entry point for the fast expanding supermarket chains in the domestic market. Concerning exports, as international demand is much higher than what Albania is currently producing, a further expansion of organic production has promising potentials for those crops where Albania has clear competitive advantages (ie. medicinal and aromatic plants, mushrooms, winter vegetables).

“Co-financing is the best way to grow a sense of a commitment and ownership.”

Lushnja vegetable growers’ representative

One of the most significant indirect indicators of the PMCA/SASA efficiency is the fact that all actors are expressing their strong support to ***the co-financing approach*** of SASA’s last project phase. All financial support granted to market chain actors was provided on the mutual understanding that actors themselves would co-finance the supported activities, if possible with 50% of the needed funds. According to interviewees’ opinion, co-financing is the best way to trigger a real commitment from the side of involved actors and ensure full ownership over the project’s results. Furthermore, for

possible further actions they would again prefer to contribute financially, or access other financing instruments (micro financing, loans, credits), to obtain similar results. This standing point proves that through SASA's interventions, actors have improved both their income situation and investment capacity, since their business become not only sustainable but capable to generate further investments.

„They (PMCA Unit) are persons who take care about people, not just about paperwork.”

Owner of the Shkalla Company

The ***PMCA's management structure***, especially the PMCA Unit, is considered by the Project's actors as the one of the main factors of the SASA's efficiency. According to the interviewed actors that have been involved in SASA activities also before 2009 and/or in some other projects, the PMCA Unit represents a permanent backstopping capacity necessary for a process focusing on market development, which had been missing before and in other occasions. Such entity is especially relevant to bring in crucial capacities relating to marketing concept development, labeling, certification, and other market relevant capacities. In this sense, all interviewees stressed that, according to their opinion, the PMCA Unit is “much more than a conventional Project Implementation Unit (PIU)”, emphasizing that it is of utmost importance to not loose such entity as a backstopping capacity and as a co-operation model.

„If you are not functioning like a family, you are not going to be successful – the PMCA showed that to the people.”

Mercator representative

As interviewees express it, the PMCA implementation as a part of the SASA 2009-2011 introduced a business development model with an effective handle on income generation, which visibly contributed to the rapid increase of the living standard of directly and indirectly involved actors. Especially esteemed are ***mechanisms and instruments*** that have built essential social capital in the sector, to extend that the project's achievements are perceived as sustainable and relevant for the long term.

IV.3 Effectiveness of the SASA Project

Indicators' values at the end of the Project (Table 5) show that effects of the SASA/PMCA intervention by far exceed the ones expected at the beginning of the last project phase. Out of the normative indicators, as for the impact, outcome and outputs, even the lowest values are more than 300% higher than the expected ones. Because of that, indicators' definitions in the Project Document of the SASA2009-2011 could be questioned, as well as their expected values. Nevertheless, from a strictly

methodological point of view, they are not wrong or poorly estimated. They just reflect the difficulty to define *ex ante* expected outcomes of a project that is strongly based on stakeholder involvement, and thus uncertainties. First, the activities and the indicators were set in a stage of the project where the context was not so favorable, based on the findings of the external evaluation and the fact-finding mission conducted prior to SASA's last project phase. Second, from the project design point of view, the PMCA is an implementation methodology, a success of which is mainly dependent on factors that are difficult to pre assess (ie. definition of relevant market opportunities, active involvement of stakeholders, quality of implementation and backstopping, interest of consumers and media etc.).

In any case, a specific problem lies in the certain incompatibility of the PMCA methodology and previously fixed indicators. As the initially planned activities have been modified during the PMCA process to better respond to new (market) opportunities and constraints, logframe indicators should be changed too, to be consistent.

Notwithstanding – given the very good contextual response to the PMCA methodology – the level the project's efficiency and effectiveness was beyond the initial expectations. The indicators' values were exceeded by 300-350%, or even for the 120 times in one case. Moreover, the indicators of the impact and outcome are very precisely and realistically defined and quantified, and anyway to the end of the SASA 2009-2011 they had been multiplied, mainly because of an implementation method that enabled efficient interventions based on efficient, actor-based prioritization.

Even when considering some indicators' values were not met (Outcomes 3 and 4), the analysis of the corresponding activities and the missing outcomes and impact leads to the conclusion that such underperformance does not question the overall project's good performance and efficiency. The fact is that the corresponding activities and outcomes faced a less favorable context while the outcomes themselves were of less importance (as on 3.1, 3.2 and 4.3). Yet, interesting is the fact that in respect to certain activities and outcomes that were hampered by suboptimal performance from the side of project partners (eg. BioAdria), the PMCA methodology was able to compensate such underperformance through the definition and implementation of activities implemented functionally by other actors (as in the Output 4). This clearly shows the responsive character of the PMCA, being flexible enough to overcome both internal or external constraints.

The actors are considering the **Output 1** and its results as the most important ones. According to the interviewees, **most important results** of the first project component are:

- ✓ market and production models/innovations
- ✓ regional labels
- ✓ "tangible things" (improved equipment, improved packaging, labels, events...)
- ✓ acquired market skills and knowledge
- ✓ diversification of product portfolio
- ✓ utilization of the locally based expertise



The activities relating to Output 1 related strictly to the PMCA application. According to actors, these activities enabled them, mainly through mutual learning and co-operation, to define their market opportunities and priorities and to implement them with support from the side of the PMCA Unit together with other actors and partners. All market chain actors pointed out that the initial critical weakness was a lack of knowledge of the actors on the “production end” of the chain. Market innovation instruments and the possibility to cooperate with actors from the “market end” of the chain have helped them to overcome that gap. Local production capacities were developed beyond the limits posed on the each farmer by a strong fragmentation of agricultural land. The fact is that group discussions developed not only new local partnership models but also build the essential trust among stakeholders to make these cooperation models socially and economically feasible.

Concerning the indicator referring to *innovations*, the project document defined 4 commercial innovations, 2 technological innovations, and 2 institutional innovations. During the implementation of the project, the PMCA succeeded to introduce 64 new products (relating to products where SASA at least improved packaging and labeling), 10 new technologies, 2 institutional innovations, and 2 regional labels. The latter merits special attention, as they relate to a certification standard being part of a new sustainable market development instrument that serves also as a framework preserving the social capital related to regional products. Besides these different innovations, interviewees pointed out that the PMCA process also succeeded to build up important marketing expertise in form of the PMCA Unit, which is, according to their opinion, more effective and responsive than an external one.

When it comes to the **Output 4**, according to the interviewees, the *main results* are:

- ✓ optimal form of actor grouping
- ✓ access to the new markets
- ✓ introduction of sound product certification
- ✓ punctual administrative and organizational assistance (eg. rural actors, exporters)

According to interviewed actors, the PMCA created an optimal model for the informal grouping and networking of actors to overcome the main constraint prevailing in Albania’s agricultural sector: land fragmentation. PMCA enabled the definition of sound partnership along value chains and among producers to respond to the market demand in terms of product characteristics (including packaging and labeling) and delivery quantities. Access to markets was favored by the mutual sharing of information, which resulted not only with a good understanding, but also with a stable relationship based on trust.

To overcome production and marketing constraints of rural areas, where are concentrated relevant production capacities especially for organic exports, the PMCA fostered efficiently networking and business development. Besides marketing expertise from the side of the PMCA Unit, essential were the relevant business contacts that the methodology brought in, helping farmers and rural collectors to understand the market and to move ahead jointly, based on shared agreements and trust.



Overall, it seems important to highlight that it is that actors highly appreciate the “institutional logic” produced by the PMCA methodology, aimed for the collaboration both along the value chain (ie. between processors and farmers) and among farmers themselves (ie. farmer groups). The PMCA developed non-formal stakeholder platform, which fosters collaboration and mutual commitment for joint acting based on a shared understanding and trust, rather than on the rigid legal framework conditions. Furthermore, actors attribute to the informal PMCA platform and its backstopping capacities a lot of “innovation strength”, being able to flexibly compensate underperformance in certain areas or of certain actors.

Related to this, it could be concluded that the PMCA methodology fosters an **optimal prioritization** of actions while creating and using flexible partnerships to ensure optimal implementation, and potentially replacing non-functioning partners and linkages.

IV.4 Derived and Expected Impact

„A single project cannot change the world or Albania, but it could develop good models, a copying of which would lead to the change. That is how the PMCA changed our mentality.“

Regional Manager of the Lika Company

Only taking into account **indicators’ values** (Table 5), SASA’s impact must be considered as substantial – with 370% of the planned value. For approximately 3700 (instead of assumed 1000) people the project has improved their economic situation, relating only to the number of directly involved actors (without considering family members and actors that benefit indirectly from the generated income). In respect to stakeholder involvement, instead of the initially planned 50 market chain actors and 5 innovations generated by them, the PMCA process included directly 168 market chain actors and

succeeded to generate at least 19 tangible innovations (without taking into account the 64 products for which SASA helped to improve product labels).

On the relevant „impact“ that SASA achieved, interviewees gave similar answers than the ones documented above, but verbalizing them from a different perspective. They agreed that the most notable **impact of SASA and PMCA** relate to the following:

- ✓ changing mind sets / behavioral change (in their own words)
- ✓ change of life and mentality
- ✓ acquired business way of thinking and self-awareness (ie. shift from “I produce for my household” towards “I am a proud business owner”)
- ✓ important improvement of well-being at the local / regional level, but with potential to reach regions that were not involved in SASA’s activities
- ✓ important interactions and influence on other sectors (ie. model character of SASA’s intervention model, development of new opportunities in the context of tourism etc.)

Interviewed actors relate SASA’s impact with the new form of collaboration the PMCA stakeholder platform brought in, promoting in a sound manner co-operation among actors, business and market development. Through that innovative approach the different impact was generated, related to improved competitiveness, employment, empowerment, market access etc. In this sense, they perceive SASA’s intervention logic an **acceptable model to promote joint action**, helping to overcome the (negative) experiences from the communist era, and the lack of market knowledge and skills, all being main obstacles to improve agricultural and rural development. It is notable how fast a new intervention methodology convinced actors to commit themselves to this new way of working, while generating all the above-mentioned impact – just two years of intervention were enough to mobilize existing potentials and cause broad impact with relatively little financial resources.

„For 20 year after Hoxha nothing was happening in this region, but now everything is booming.“

Zus olive growers’ representative

In addition, the “attractiveness” of the new **production and market models** generated through PMCA produced important “replication effects”. Interviewed farmers and producers, but also other market chain actors, are telling similar stories how the newly established partnerships among farmers and market chain actors animated others to either join or replicate such collaboration model. The representatives of those farmer groups that were created or strengthened through the project’s PMCA activities mentioned that 80-100% of the local actors involved in the present were initially not involved, including actors that even refused to participate at the beginning. In the case of Kukes and Permeti, regions not included in during the PMCA process, new actors approached the project in its last months to be included in the Albanian Guarantee labeling scheme. Furthermore, during 2012, new actors will join the different local “initiatives” without project support.

In the regions where PMCA supported improvement and strengthening of **local market chains** and of the local initiatives that involve local processing, impact effects are even broader and more meaningful. First, linked to the provision of raw material, important income effects are achieved for a bigger part of the local population. Second, joint learning and capacity development enhance the competitiveness of the region while creating new production and marketing opportunities. Jufka and olive oil processing, in Dibra and Dushk, are typical cases to illustrate these impact effects.



„It (the PMCA) influenced on the Albanian family model – people are gradually becoming open minded...“

Mercator representative

The majority of small businesses in Albania are family based, with a very traditional **gender** division in terms of work duties. Focusing on marketing and production opportunities relating to rural areas, SASA triggered in many cases an upgrading of the role of females as part of rural business development, creating especially work and income opportunities for them (related to harvesting, product grading, processing, packaging etc.). Since this income creation led to direct and visible welfare improvements at the level of the household, a corresponding mentality change in the intervention regions is obvious. One of the most successful and interesting cases relates to the Dibra region, where a group of women produce together traditional Albanian pasta, called Jufka. In their case, during the PMCA intervention they passed a challenging road from the absolute resistance of their spouses and families to accept their business engagement to the full support and assistance. Thanks to tangible improvements related to the production process and market access, the initial group of six women is now planning to involve 20 new members to increase production. This expansion will generate important further income effects, spreading to many more families as the group of suppliers will also be drastically expanded.

„We have been blind, but they (PMCA actors) gave us sight...“

Zus olive growers' representative

As it is mentioned earlier, one of the major obstacles that hampered the development of the Albanian agriculture and food industry was the lack of market knowledge and business connections. Because of that, many of actors had not even been able to identify their real potentials and possibilities for business development and consequently they have been ready to join any initiative that somehow promised support to improve their living and working conditions. SASA's last phase introduced a concept different to that. Initially, the PMCA initiative provided them only a **peer-learning platform**, which proofed to be efficient in enabling them to define and realize real business and development opportunities. Just within two years of the intervention, they developed not just their own business but converted into "model farmers", motivating others in the regions to learn from them and follow this same path. Behind this lies a clear **change of mind-set** at the level of the local community.

A good example to illustrate is the case of the vegetable growers in Lushnja, where an initial group of vegetable growers had 30 members, collaborating with a big local trader. Thanks to the new export partnership that the PMCA process created between the trader and Mercator, the group of farmers grew to around 100 members, while currently just about all farmers in this location (more than 80%) have expressed strong interest to join this group. In the case of Zus olive growers, initially just 5 of 60 households of the village joined to group that would start providing organic olives to a processing company in Tirana. As the group succeeded to double their annual household incomes within just one season, all other 55 households expressed interest to join this initiative, and make corresponding investments external support.

IV.5 Sustainability of SASA Achievements

"We are not making here something fashionable for just one season, but rather something which will last..."

Owner of the Peshkopia Diary

One of the most important questions of the SASA assessment was whether the PMCA's achievements will be sustainable beyond the end of the project. In generally, sustainability relates to different aspects: the developed knowledge base, the grown peer-learning habit, market and production innovations, and developed partnership at the local level, along the market chain, and within the sector relating to services (ie. technical and marketing advice).

Without any leading by the evaluator, all interviewees pointed on same issues considered by them as most important concerning the sustainability of the PMCA/SASA results. Actors state that despite the short term the SASA succeeded to reach a critical stage of sustainability of the businesses developed and/or strengthened as part of the PMCA process. **Local capacities** are developed to a level where actors feel enabled to move ahead without project support. This relates not only to business planning and to identification of new opportunities, but also to their ability to undertake the necessary investments, given the fact that all actors state that production and marketing improvements have increased their **profit level and investment potential**. Regarding further business development

support, they consider themselves ready to move from a grant and co-financing support to financial instruments (ie. loans and credits). The only field where they mention interest for additional support or co-financing relates to the replication of “PMCA action” and “partnership models” in regions where actors have not had access to SASA’s support since 2009. Nevertheless, even in those cases, actors tend to move on their own, to find ways to improve their economic situation, based on their own financial capacities or with potential support from the side of local or state authorities.

In generally, interviewed actors see SASA’s interventions using PMCA as a mechanism to set in place business development process that benefits especially rural areas, ie. to create the initial framework conditions and helping actors make the first initial steps. Therefore, actors’ expectations to foster sustainability of this initial “investment” relate more to **further development initiatives**, going beyond what they have learnt, connecting them with actors and business opportunities beyond the scope they have reached up to now.



Actors’ expectation go in the direction that they would like to see an improved **interconnection of different local economy branches** in the near future, aiming to boost regional businesses development and employment opportunities, especially for youth and women. That kind of future actions would merit new project support, as they would produce highly interesting development effects. Market chain actors also perceive **market innovations and instruments** as highly sustainable results developed as part of the PMCA process. Indeed, the labels and improved products launched are widely accepted by consumers. This is reflected by the higher product prices paid by consumers, and the increased interest from the side of retailers to have these products in their shelves.



For all interviewees, the main “sustainability concern” relates to the issue of the PMCA stakeholder platform - will it continue to exist without further project support? Although the PMCA is just an implementation methodology it still relates to important institutional settings – relating to both the stakeholder platform and the PMCA Unit developed primarily for project’s implementation purposes. However, for the Albanian context, both are of much wider importance: **the PMCA platform** as an acceptable form of actor gathering, and **the PMCA Unit** as a backstopping capacity for further business development actions. From that perspective, their sustainability seems crucial. In that regard, interviewed actors would favor a formalization of these institutional structures, such that staff previously involved in the PMCA Unit would be able to continue providing important backstopping / marketing services. The only obstacle to that is the present level of actors’ financial capacity to finance such a solution based on membership fees only.

Therefore, some degree of an external support will be necessary for a bridging period between the present level of functioning and the financial self-sufficiency of **the network structure**. Nevertheless, it again does not mean that the present achievements, also in terms of relationships and partnerships, will not be sustainable. In any case, more effort and initiative will be requested from the side of the actors to make their own investments to maintain or even further develop these institutional structures.

„We do not need any longer a financial support – we need good opportunities.“

Owner of the Tomadheia Company

V Main Conclusions and Outlook

- **Implementation methodology**

Both the horizontal evaluation and the rapid assessment based on an integrated evaluation methodology proved that the SASA 2009-2011 overreached the set goal and that it represents a clear case of a middle-size intervention with substantial impact. This is even more notable as the activities relating to the previous phase of SASA were evaluated as a “...premature, inflated, not properly focused on the true needs of market players ...” with a questionable sustainability of its results. After the implementation of the last phase, using the **PMCA methodology**, the whole project was turned into a highly successful “experience”, with considerable impact. This evaluation proves that the PMCA methodology made that difference in terms of results and impact.

- **Market development facilitation**

As highlighted in the present assessment, the PMCA process explains the **overcoming of the main contextual weaknesses and risks**, relating to (i) actors’ reluctance to cooperate on a partnership basis (ie. “co-operative scars”), (ii) the lack of institutional sustainability and functionality of certain project partners, (iii) the lack of functional market relations, (iv) the low level of market development for Albanian quality products, and (v) inefficient production structured due to the pronounced land fragmentation in Albania. The facilitation of the market development process created an informal stakeholder platform that fostered essentially peer learning while producing important local expertise in the area of marketing and business development

- **Range of impact**

As outlined in Chapter IV.4, SASA was able to generate different type of impact. Besides important income generation in rural areas, most important seems the **behavioral and mind set changes** at the level of individuals and actor groups, driven by the successful business development especially in rural

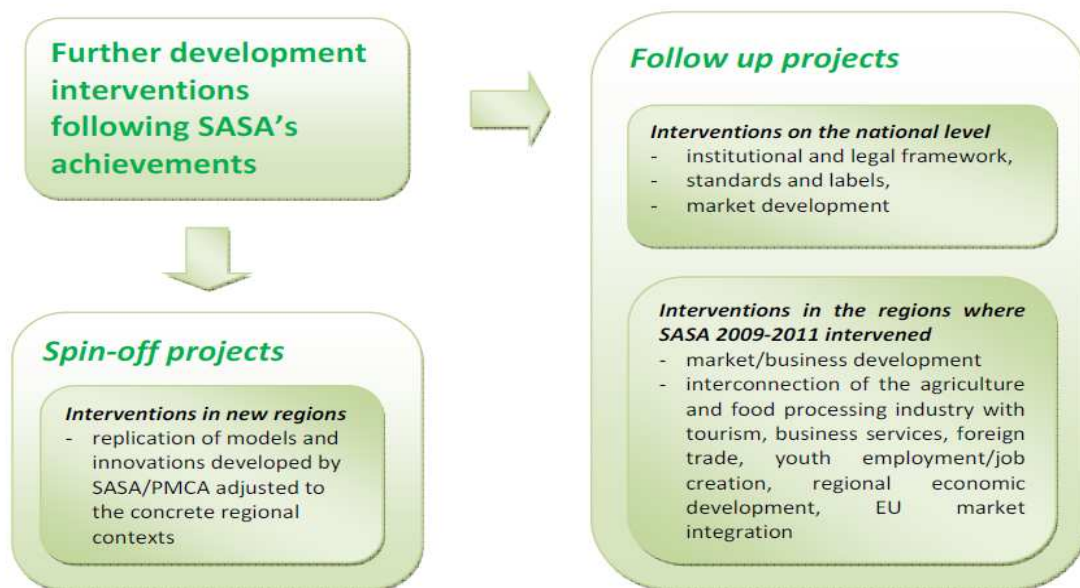
areas. Corresponding mentality changes have had strong implications on partnerships that were established during the PMCA process, at the local level (among producers) and along the market chain (between producers, traders, and retailers). All interviewees pointed out their “evolution” from a small and modest actor – isolated in one small and limited part of the market chain, without any real knowledge and familiarity with real demand and opportunities -- to a proud and self-aware business owner and market player, capable to plan and to develop an own business on the basis of a sound market understanding and solid business partnerships. They are confident that their businesses will prosper without project support, as they consider further expansion.

- **Further actions**

Given the good level of impact and sustainability SASA produced during its last phase, there seems no real need to prolong the support. Nevertheless, from a development point of view, the agricultural and food-processing sector remains highly interesting, as it creates important income and capacities in regions and sectors that are strategic. However, as the transition is made from 100% poverty reduction donations to foster the production base in rural areas to co-financing of activities to promote business development, not another “SASA” would be needed, but support measures that would capitalize SASA’s achievements, creating new ground to trigger sound **follow-up or spin-off actions** (see Scheme 3), at a new development level and with new instruments. In this sense, the following intervention areas seem most promising:

- ✓ private sector and business development
- ✓ regional economic development and market chain development
- ✓ other branches of economy, inter-connected with agriculture and food industry (eg. tourism)

Recommendable forms of the financial support in these sectors include co-financing grants, soft loans, micro credits, and revolving credits.



Scheme 3 Elements of possible interventions following SASA’s achievements

- **Applicability of the PMCA philosophy**

Based on the fact that PMCA has proven to be a good instrument to overcome some of “systemic weaknesses” (eg. fragmented knowledge, lack of cooperation and trust among actors, limited human and social capital), the PMCA principles seem also relevant for other application contexts where the development of relevant social capital is essential (see Table 6). In this regard, the developed skills to apply the PMCA should be preserved and further developed through such new application opportunities.

Project cycle stages	Contexts (countries/regions)	Ranges of projects
<ul style="list-style-type: none"> ✓ project development ✓ project implementation ✓ different stages of the implementation 	<ul style="list-style-type: none"> ✓ different development frameworks ✓ priorities ✓ economy structures ✓ institutional and legal frameworks etc. 	<ul style="list-style-type: none"> ✓ different duration ✓ different total amounts

Table 6 *Recommendable options for further PMCA application*



Annexes

1. Case Studies
2. List of Documents

Annex 1
Case Studies

Jufka – traditional homemade pasta

Jufka is homemade pasta based on traditional recipes, developed in different mountain areas of Albania. A few years ago a group of six women from Vakuf village in Peshkopia (Dibra region), one of the poorest regions of Albania, launched a small production of the Jufka in order to generate some additional income for their households. At the beginning of their business, they faced not just usual obstacles, which are common for every new product entering the market, but also with negative reactions from the side of their families. These reactions were caused by the traditional understanding of the women's role in the family and the community.

Despite this resistance, the six women pursued the further development of the business, and in 2010, they have been included in SASA 2009-2011 activities. The initial PMCA assessment clearly showed an interesting market potential for their product, but also important deficiencies in regard to market access (out of the local one), packaging and labeling. A key constraint related to quality and quantity of the product during the humid winter season, because of lacking drying facilities. After initial interactions, SASA agreed to support capacity building activities, the purchase of drying equipment, the improvement of packaging and labeling, and product promotion. As a typical product from Northern Albania, it was included in the portfolio of products relating to the Alpe Albania label.

Because of that support, only within 2010, the income of the women group increased by 300%, as more product could be sold (2.2 times) at higher prices. As the increased production also increased the demand for ingredients (eggs, milk, and flour), also more income was generated for local suppliers, visibly contributing to the development of the whole region.



Interviewed members of the group emphasized the relevance of new cooperation model along the market chain that was created out of SASA's PMCA applications. Considering the resistance to conventional co-operatives and the lacking market relationships of rural actors, such the Jufka production group is, the PMCA stakeholder platform is perceived as a *"perfect market co-operation and learning instrument"*.

Still, the most important achievement for these women, according to their own statement, is that witnessing a success of their enterprise, their families and the surrounding in whole turn an initial resistance to full support, ***changing by that a long lasting traditional model of the woman role in the community.***

The business success of this isolated women group generated a strong interest from the side of other women to join to the group. At the present, the whole community perceives the “Jufka business model” as a “*perfect development vehicle*” and tends to pursue local development opportunities through its further growth and replication, based on actors’ own financial capacities and potential smaller credits.

AgroPuka Association – production of typical products

AgroPuka is an association founded in 2001, involved in the processing and marketing of dried fruits and vegetables, wild collected mushrooms, blueberry, blended tea, honey and different flavored jams. It includes about 60 farmers from the Puka region, in the North of Albania. AgroPuka had been supported by SDC up to 2009, with own funding, and therefore just started to join SASA’s last project phase, 2009, when it also started to work on typical products (which is the core business of AgroPuka). After an initial reluctance, AgroPuka’s representatives took an active part in the work of the North Thematic Group. Based on focus group’s findings, SASA started to support the improvement of AgroPuka product labels and company logo in 2010, including also the Alpe Albania label since all products were included in this new certification scheme. Further project support related to AgroPuka’s participation in several national fairs and promotion events, in order to promote these products in combination with the new Alpe Albania label. Thanks to this promotion and the growing interest for these products, AgroPuka was able to involve new farmers from the region and thus increase both sales and income. Currently, because of considerable market success, AgroPuka is facing a need to make important investments in its processing facilities to expand its production, in order to meet (growing) market demands.

The interviewed representative of the AgroPuka stressed his initial skepticism and reluctance towards the new methodology, PMCA, and his involvement in SASA, based mainly on his previous extensive experience with different donors’ driven interventions. Yet, as PMCA generated fruitful interactions, new knowledge and contacts that started to become relevant for AgroPuka’s business, his involvement and dedication in the PMCA process grew significantly. Until the end of the process, SASA helped AgroPuka to tackle different marketing constraints.



Especially relevant was considered the learning implications the PMCA implied: *“To be in the same chain with Mercator does not mean just better selling, but also a lot of learning.”*. Retrospectively, the experience with the PMCA looks different: *“SASA/PMCA made a lot in a short period of time”* and *“this new approach changed things in Albania”* are strong statements for a person who has seen many development interventions in the last decade.

Thanks to that the positive outcomes PMCA has generated for AgroPuka, today’s this association and the Puka region are well positioned to look around for new development opportunities, not only related to a further production and market expansion, but also in the exploitation of connections between the agribusiness and other sectors, like tourism, forestry or business development as a means to enhance youth employment.

Nevertheless, as an experienced project’s beneficiary, the AgroPuka’s representative pointed out that *„the main PMCA impact is a behavioral change“*. Thanks to the PMCA involvement, not only AgroPuka’s members, but all farmers in the region, have gained new knowledge, skills and market insights to have a better basis for the further region’s development in generally.

Shkalla Company – olive oil processing

The Shkalla Company is another example of the Project’s actor with an extensive project experience, both with SASA and with other development projects. The company was established in 1996 by Ms Shpresa Shkalla, based on a previous family tradition in olive oil production and on the financial support from the side of GTZ. Since then, the company has developed different capacities, related to all production, processing, and marketing. For several years now, the company is certified for organic production. This niche market seems interesting, as competing companies from Greece, Italy, and Spain are able to produce at lower costs. Nevertheless, limited consumers’ awareness for quality olive oil from Albania and limited supply of organic olives hampered the expansion of this business.

Consequently, discussions as part of the PMCA process focused on ways how to improve the competitiveness of the Shkalla Company. One way forward was a development of a new partnership, with a group of olive growers from Zus (Shkodra region) and Dushk (Lushnja region). For these, the SASA supported necessary trainings and certain basic equipment, and facilitated the certification of organic production. Beside that, based on market research, the SASA supported a development of a new olive oil, with the medicinal herb St. John’s Wort flower.

This product innovation was developed in co-operation with the Faculty of Chemistry of the Tirana University, and flower collection was organized together with farmers from Zus and Dushk. Moreover, as part of this process, the SASA have supported product's testing and market promotion, benefiting from the establishment of new sales channels in collaboration with other SASA's actors. Since both local and foreign consumers responded positively to the new product, the Shkalla Company is confident that the whole production of the next harvest – which is expected to be much higher as new farmers have joined both groups – will be sold successfully.



As a typical “knowledge driven” business owner, Ms Shkalla emphasizes the important “learning impact” the PMCA has generated. Even she launched her company many years ago on solid knowledge and work experience gained abroad, and has learnt a lot in the meantime, she still perceives her PMCA involvement as an important “breakthrough” in her business development.

According to her opinion, the PMCA provided for all its actors a possibility to learn, not just from experts, but also from each other, and by that created a “**sustainable growth platform**” and thus gained important “**development momentum**”.

Ms Shkalla explains how the olive grower groups from Dushk and Zus have substantially improved and grown in number thanks to learning and working success as part of the process, and by that accelerated the overall development in those regions. Comparing it with her other projects' experiences, she emphasizes that such range of effects is reached thanks to the PMCA process and to the excellent support from the side of the PMCA Unit making their capacities fully accessible to local actors.

Lika – production and export of vegetables and fruits

The “Lika case” is one of the best examples of a successful co-operation between different market chain’s actors established through the PMCA. The stakeholder meetings enabled all actors involved to share, and explore market opportunities and export potentials of well-known Albanian fruits and vegetables from the South.

In 2009, the Mercator, one of the largest and most successful commercial chains in Southeastern Europe, started to penetrate in the Albanian market. Driven by its interest to define and implement supply structures that would improve the sourcing of vegetables and fruits, it joined the PMCA process. The fruitful interactions as part of the PMCA process led to the idea to create a partnership with the Lika Trading Company and a group of 30 farmers from the Lushnje region (that already cooperated with the Lika) to start exporting typical vegetables and fruits from Albania into the region.

SASA’s contribution to this partnership was to support a technical assistance to increase and ensure product quality, help in the definition of an appropriate packaging, and support the branding of the products with the Prodhime Jugu logo. In this venture, the Mercator took the logistical lead for export procedures, creating a new department responsible only for export activities. During the intervention, because of a growing market demand, the Lika Company was requested to increase a supply, implying that the number of collaborating farmers grew from initially 30 to almost 100. All farmers received from the side of Lika’s agronomist a technical assistance to ensure an optimal supply. Furthermore, additional workers, mostly women, were hired for harvesting and packaging activities.

The significant income generated in this first export opportunity encouraged farmers to make own investments to further develop their production base (ie. construction of greenhouses), while more than 80% farmers in the area approached Lika to join the group of suppliers for similar ventures.

Independent from the SASA, vegetable and fruit from the Lushnja region have been covering more than 50% of a domestic production. Most of the farmers from the region are specialized for this production and well supported by local agronomists. Nevertheless, their connection with the market and opportunities to explore real market potentials of their production had been limited and sporadic, as well as the external support offered to their development. Therefore, today they are emphasizing that the PMCA process changed things for them,



because they got a chance to co-operate with market partners and, through that process, to acquire necessary market knowledge and insights and to explore real market potentials and opportunities of their production. From their point of view, it boosted not just their own production development and income growth, but the development of the region as a whole, having caused real and important mindset changes favoring the future development of this region.

Considering the ***successful production and marketing model*** that the PMCA created for Lushnja, local actors have no doubts that this model will be further developed and replicated in their region, with or without a further external support. They consider the development of this co-operation model as the major achievement of the PMCA, as it is stated by one of the interviewed actors: “*A single project cannot change the world or Albania, but it could develop good models, copying of which would lead to the change. That is the real contribution of the PMCA for us...*”

Zus – olive growers and organic food restaurant

During the communist regime, Shkodra was well known and isolated as a “rebellious region”. Even afterwards, it remained insufficiently supported by the Government and the donor community. Therefore, in the Albanian development picture, the Shkodra region represents one of the most underdeveloped areas with significant but unexploited development potentials, especially in the field of agriculture and tourism. The SASA/PMCA intervention in that region has focused its interventions on these two fields, supporting a group of olive growers and a restaurant that promotes typical food.

In the Shkodra region, a growing of olives for commercial purposes has been abandoned many years ago. Currently, olives are grown only for own consumption. The fact is that olives from the North are less known for their quality than ones grown in the South. Nevertheless, during the first two phases of the PMCA process, involved actors argued that olive production is indeed a good market opportunity for Shkodra. Driven by the interest of the Shkalla Company to expand a sourcing of organic olives, olive growers agreed to get organized as a group, while the SASA supported access to basic equipment and necessary trainings relating to olive production and organic certification.

Today, they are supplying olives for the Shkalla production, but also are using Shkallas’s capacities to process some quantities of olives for their own needs. Only after one season, the initial group of 5 growers doubled their annual household income, while the annual demand for their olive oil only in Shkodra reached 5 tons. Similar results were achieved by the local restaurant that increased its income by 15 times, thanks to the SASA’s support to brand the restaurant accordingly and make it known locally for its typical and organic dishes.

Encouraged by achievements of these activities, new farmers expressed interest to join the group. At the present, all farmers of Zus village (55) are included in the new production scheme, aiming to produce not only for Shkalla but also for their own market. In order to make this step, the group is looking for new project support.

Both interviewed representatives, the leading olive grower and the restaurant owner, are pointing out that the main impact of SASA's latest interventions is the gained capability to think and to act from a business perspective.



Before they the SASA's intervention, the commercial growing of olives was a neglected activity, and the level of knowledge and skills related to both production and marketing was low. Farmers felt isolated from the real market, while lacking any acceptable form of collaboration due to negative experiences from the communist era.

PMCA provided for Zus olive growers essentially new **learning possibilities and market opportunities**, and above all a **model of cooperation**. According to the interviewees, it led to the overall change of the local mindset, and a new vision, as expressed by one of the actors: *"We have been blind, but they (PMCA) gave us a new sight"*.

Tomadhea Company – medical herbs processor

Tomadhea Company is one of the leading processing companies in Albania for medical herbs and edible non-timber forest products. The Company was established in 1998, and since 2005, its products are organically certified by the Swiss bio.inspecta AG with the first BioSwiss certificate in Albania. As one of the leading players on the Albanian organic market, Tomadhea was involved in the SASA's interventions since a beginning of the project, in 2001. Therefore, it holds a most comprehensive and continuous actor's institutional memory about the SASA's development and evolution.



In the early stages of the SASA, the Tomadheia Company was supported to obtain the Bio Swiss certification and to develop capacities and contacts that would help expansion of this new business. Most important contribution in this respect was the study tours abroad and the participation at the international BioFach Trade Fair since 2006.

The interviewed founder and owner of Tomadheia emphasizes that for him and for other Albanian producers a participation at the BioFach was “a *window to foreign markets opened by the SASA*”, not just as a playground to win new markets and buyers, but also as a pivotal event to learn and to be able to adjust production and marketing to EU practice and standards. Because of a continuous participation on the BioFach, he was able to establish export on the EU market, but also to introduce in his portfolio new products as a response to the demand from targeted markets.

Reflecting on the contribution of the PMCA as part of the SASA, Tomadheia’s representative highlights a role of the PMCA in the SASA achievements. As a one of the founders of the BioAdria, he points out that the association failed to gather all market players (because it limited its membership only to producers), which is a constraint that the PMCA efficiently overcame. With the creation of the PMCA stakeholder platform, all market chain actors were empowered to interact and co-operate with each other –without any limiting intermediation from the side of project staff, as it was previously a case when the BioAdria still had the Market Development Unit. This type of market-oriented networking had an important impact on a business development, based on the identification of new market opportunities, within the country and abroad. According to his opinion, the PMCA process offered to all actors a perfect form of networking and by that boosted not just their businesses, but also overall development in the different regions where the project had influence.

In generally, because of its important networking and capacity building function, Tomadheia’s representative considers that the ***sustainability of the PMCA stakeholder platform together with the facilitation services*** (previously provided by the PMCA Unit) as a crucial condition for a further development of that sector and successful replications of the marketing models created by the SASA/PMCA.

Mercator – supermarket chain

As an implementation methodology, the PMCA enables the participation of any actor who is interested in the issues approached. This relates also to big actors, such as supermarket chains aiming to develop new partnerships and businesses through such involvement.

In the case of SASA, Mercator – one of the largest and most successful commercial chains in Southeastern Europe – had important influence on the PMCA process and its outcomes. Mercator's entrance in the Albanian market almost coincided with a beginning of SASA's last phase in 2009. In this sense, the moment was ideal for the company to get involved in PMCA TG meetings and explore potential partnerships to develop a solid supplier base and to speed-up positioning itself in this fast growing market. Stimulated through good interaction in PMCA meetings and with project staff (ie. PMCA Unit), Mercator agreed to move ahead concerning different initiatives that were discussed during the meetings. For instance, it established a partnership with the Lika Company and surrounding farmers from Lushnja to export fruits and vegetables into the region. Furthermore, it agreed to collaborate in the establishment of the "healthy corner" in its main store near Tirana, enabling the Project to set in place a strategic sales point for organic and typical products. This sales point served as a promotion point and as a place to test new products and draft labels.

For Mercator, this "healthy corner" was of a highly visible eye catcher, which fostered consumers' perception that Mercator is committed to serve both Albanian consumers and producers. The good sales from this special corner justified its creation and existence from the beginning.

As a strategic partner closely involved in the whole PMCA process, the Mercator's representative was given a great opportunity to interact directly with different types of actors and to assess their capacities. Immediate results of the project and a generated impact relate, according to him, to the clear **market focus and the implementation methodology** of the project.

According to him, *"the name of the game is a quality, not a quantity"*. Therefore, by keeping a focus on organic and traditional products, the PMCA succeeded to develop a market for its actors while contributing significantly to the development of the Albanian food market and quality production. At the same time, *"it (the PMCA) influenced on the Albanian family model – people are gradually becoming open minded"*– it is a change that, according to him, affected both "producers" and "consumers".



The PMCA process created for market chain actors a platform, which enables them not just to engage in a mutual business co-operation, but to learn from each other and from big market players, such as Mercator. The interviewed Mercator's representative is assured that the "PMCA-like" co-operation between market chain actors will continue to exist and to develop further, even after the project's end. In that regard, he pointed out that the PMCA essentially followed the basic principle of sustainable development interventions: *"Do not give a fish to a man. Teach him instead how to fish"*.

Peshkopia dairy

Goat cheese from Peshkopia (Diber) is produced from a traditional race of goat (Bulashi goats, originating from the region), which gives a special and unique taste to milk and cheese. A few years ago, a local producer, with a strong family tradition of cheese production and with an extensive experience gained during five years of a working in Greece, started his own production of goat cheese. His production facilities are located in a remote underdeveloped area, where goats are held, but without substantial connections with bigger in-country markets. This implied that during the first years of production, sales were difficult, as he felt isolated on the local market, with limited possibilities to explore sales beyond Peshkopia.

In 2009, the business owner got involved in the PMCA process. According to him, this happening represented a turning point in his business. A positive feedback from a consumers' side encouraged the PMCA Unit to support the cheese maker with a technical advice and improved packaging, relating to both a material (use of plastic containers) and a labeling (including the Alpe Albania logo). Through the involvement in local fairs, the cheese maker benefitted also from promotion activities.

Especially trough the participation in different fairs and events, he was able to access new markets. This stronger demand for his cheese translated into higher prices and income, but also in higher sales, which forced him to start buying milk also from new suppliers.

As a next step, he is planning to improve further processing facilities in order to ensure cleaner production. He is convinced that such investments are crucial also for an approach to foreign markets, since he is assured that the Peshkopia goat cheese could be competitive even on developed dairy markets, such as Greece or Italy. A specific quality of the cheese from "Bulashi" race of goats is already recognized and awarded with prizes on various competitions.

As a very much learning oriented business developer, the interviewed owner of the dairy emphasized that for all actors of the market chain, the PMCA stakeholder platform was an essential mechanism for a successful collaboration and peer learning. He pointed out that his key market insights and newly acquired production and marketing skills were all gained from other chain actors involved in the PMCA process.

Overall, he clearly perceives the PMCA not as an implementation method, but rather as a **good market-building instrument** that best should become permanent.

Concerning impact for the region, the cheese maker mentioned that the Project's interventions enabled him to expand the production and, through that, to create in his area new employment opportunities for new households being now suppliers of the Bulashi goat milk. Further expansion of his business will allow new families to take a part in this production chain, helping to accelerate a local development and rural incomes.



Dushk – organic olive oil production

Dushk, a village in the region of Lushnja, is well known for a quality of its olives. A few years ago, a small group of olive growers from this village decided to introduce organic standards in their production. Supported by the SASA project, they succeeded to obtain the BioSuisse certification and to become a supplier of their olives for the Shkalla Company, an olive oil processor located in Tirana.

Motivated to launch production of their own olive oil, Dushk farmers joined in 2009 the PMCA process. Given a good market potential for quality oil within Albania, the PMCA Unit agreed to support mainly packaging and label development (where the Prodhime Jugu label was included), and to help to promote the new product on the market through different promotion activities.

A quality of the packaging and of the product itself resulted very attractive to consumers. These good results on a marketing side generated not



only an interesting new income but also an interest from the group itself and other producers to make the group grow in order to obtain higher yields and thus expand production in the coming years. Currently, the group has increased to now 25 members, while more farmers have expressed their interest to acquire certification and to get involved in this initiative.

At this stage, the group is planning to make own investments in local processing capacities, new packaging formats, and to take necessary steps to help new farmers join the group. They are also planning to introduce table olives in their production portfolio and to explore opportunities to link this organic business with eco-tourism.

Despite the fact that the producer group remains strongly focused on “organic”, growers emphasize an importance to have now their own label featuring the South label developed as part of the PMCA. They are convinced that this label responds even better to consumers’ demand, which is connected more with traditional and geographical values, than with organic – at least up to now. For them, besides enabling them to get involved in their own business and make it boom, benefiting them and the region, the contribution of the PMCA process to develop and promote the two regional **labels for the South and North of Albania** is perceived as the essential one.

Annex 2

List of Documents

1. External evaluation of the SASA Project “Sustainable Agriculture Support in Albania” Phase III: 01.05.2006-30.04.2009
2. SASA Fact Finding Mission February 2009
3. Strategy for Albania 2009-2012, Document of the European Bank for Reconstruction and Development
4. Albania Country Brief: Property Rights and Land Markets, 2003
5. Study on quality products linked to geographical origin in the Balkans carried out for FAO by Dylan Barclay, July 2010
6. PMCA Phase I Report, Getting to Know and Understand Market Chain Actors, May – August 2009
7. Doing Business in South East Europe 2011
8. External Assistance in Albania Progress Report 2009-2010, Councils of Ministers, Republic of Albania
9. Improved Market Access for a Wide Range of Typical Products – the Case of AgroPuka
10. Improved Market Access for Typical Jufka From Dibra Using the “Alpe Albania” Brand
11. Exports of Albanian Traditional Products Collaboration with the Lika Trading Company
12. Trigger Innovation in Olive Oil Production, Product Development with Shkalla Company
13. Private Sector and Labor Market Developments in Albania, April 2004
14. Horizontal Evaluation of the application of the Participatory Market Chain Approach (PMCA) in Albania’s agricultural sector, Thomas Bernet, May 2011, workshop
15. Last Consolidation Phase V: SASA Project, Annexes: I, II, III, IV
16. PMCA Phase 2 Report, Analyzing Market Innovations, September 2009-May 2010
17. PMCA Phase 3 Report, Analyzing Market Innovations, May 2010-April 2011
18. SASA Phase V 01.09.2009-31.12.2012, the Project Document
19. PMCA Consolidation Phase Report, April 2011-December 2011
20. Albanian Guarantee Standard Report, 2011-2011