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Abstract

What is nowadays known as organic farming in Albania is at an initial phase. It is mainly located in the so called "marginal areas" by small farms. Organic market in Albania can be considered as at a very starting stage with small niches marketing point but with a growing interest of consumers for fresh productions with limited processing activities. The conditions for a better partaking in the country's markets is, however, desirable since commercial and trade between Albania and other countries, mainly EU's, is readily growing. The aim of the present research work is to present a descriptive analysis of the structural and productive indicators of the organic and, at large, the whole agriculture sector in Albania. The first part of the paper analyses the economical and social framework of today's Albanian farming, which is still far from the European Union standards. Although organic farming in Albania is not as regulated as it is in the EU, we tried to outline to what extent organic farming can reach a productive and economical perspectives for local development. In the second part of the paper we analysed the situation of the potential of organic farms by means of a SWOT analysis. The strength and weakness points for the farms, together with the possibilities and threats of the organic market pointed out by environmental analysis, are selected with the intention of addressing the main issues, and attempting to delineate some peculiar policies and market intervention for overcoming the actual nodal points.

Keywords: Albanian agriculture, organic potential farms, SWOT analysis, premium price.

1. Introduction

Over the past few years organic products have witnessed a massive development both in terms of crop adaptability practices and in the applied norms as well as in the assessment on consumers side. The latter has been well placed to gain a well-defined identity in the possible scenarios of development and integration of the agricultural sector into the regional economy and beyond.

In several instances, the increase in production might attest to the successful implementation of a certification program of the areas of land long organic by nature rather than the reversal of the agricultural system. It is the case of Albania that might be able to adopt the certification procedures for the recognition of the organic products in order to attain or better boost the economic worthiness of production.

One of the critical points that present themselves in the Albanian organic agriculture has been depicted from the inadequacy of the evaluation of the products. The operating lack of the commercialization chain, the missing integration of *supply chain* and the weak links among manufacturers, processors/exporters and consumers make the Albanian producers face an ever decreasing profit once they return to organic products. On the other hand this is going to favour traders and exporters who stand to gain more in terms of the margin of profit.

The existing organic agricultural systems are characterized by small-sized and fragmented structures, far from being organized in groups and not integrated into *supply chain*. Thus, the establishment of the ever-increasing fully-operating forms capable of permitting concentration of supply is taking on notes of urgency along with the provision of farmers with a contractual power.

2. The framework of Albanian agriculture

Albania has been and continues to be a typically "agrarian" country, in which over 50% of population lives and works in rural areas, and which has as its major activity the agricultural sector, in which roughly 75-80% of work days are spent on farms. On the other hand, we figure as a country which exports 450-500 million Euros worth of agricultural and food products. This amount with 2008 in mind turns out to be approximately in the region of 500 million Euros (MAFCP, 2008). Every year, roughly 25-30% of the food needs, are imported from overseas markets, which has brought a negative trade balance in this field. With reference to the same source the imports in agricultural and food products have been 10 times as high as the exports. So, Albania is classified under the group of "structurally importing" countries or, in other words, a group of countries which are considered to be the most vulnerable and the most exposed to

the current situation and the perspective of price increases and the various turbulences of the international agrarian markets.

Although Albania is an agrarian country where agriculture accounts for roughly 22-23% of the GDP, yet the return it gets from the state budget and other public financing is 15:20 times smaller. During the transition period the budgets targeting agriculture were anywhere between 0.5-1.5 of the GDP, at a time when the biggest part of them was geared towards the operational expenses for salary and additions on salaries rather than for direct investments.

The average farm size is in the region of 1.2 ha per household (MAFCP, 2008). At a time when that one too appears to be fragmented into some 1.8-3 million strips of land. Out of a total of 22-23% of the impoverished population or extremely poor strata, 99% of such population dwells in rural areas. So it's logical for such poverty to be dubbed "rural poverty".

The key solution prescribed for the farms has been provided by foreign-funded projects and other major contributions from many donors out there. These contributions have indisputably gone into agriculture. Yet the private investments coming from within the country this sector have been negligent. To prove this, suffice it for us to refer to the credit index percentage for agriculture and other rural areas as compared to others sectors. Only 1-1.2 % of the bank credits in total have been given to the agricultural sector over the past two years, while the service sector (including trade, hotels and other catering services) has had credits up to 38% with construction at 20-21%.

The structural policies have become indispensable for Albania, when this is seen within the context of supply concentration in the internal production process, or the enormous allocation of financing and investment, the rapid modernization of agricultural and of the rural space. In this context, a very meaningful element of these policies is the organic agriculture and its contribution to be given to the Albanian agriculture yet (Leksinaj, *et al.*, 2009).

3. Organic farming in Albania

3.1. Structure of organic farms in Albania

The Organic agriculture in Albania is closely associated with the establishment of the Organic Agriculture Association (OAA) in 1997 in Tirana with the support of the international donors. From December 1998 onwards OAA proves to be an associated member of IFOAM. Over the 4 first years small projects have been executed, which have contributed to the increase and availability of information on organic farming. In this context a role has been played by international organizations such as Avalon, USAID, GTZ have carried out several projects by running promotion activities. In 2001 the SASA project (sustainable agricultural support in Albania) funded by the Swiss Cooperation for development (SDC) and SECO implemented by FiBL.

Other such organizations as Avalon, USAID and GTZ have also proposed a number of other projects which have allowed for the realization of other promotional activities.

Initially SHBO was carrying out the functions of the farmers' association which had adapted the organic method of cultivation, of the assistance and technical counselling, along with the control and certification of the organic farming. Afterwards seeing the existence of many roles for just a single association, with the risk becoming imminent from the emergence of conflict of interests, in 2006 SHBO assumes the administration of the farmers' association, *BioAdra* are established which deals in providing technical counselling as well as *Albinspekt* that will cover the functioning of certification of organic produce.

Only in January 2009 the Private standard of Bioadria is approved for organic farming with *Albinspekt*, upon the national accreditation, is recognized even from Ministry of Agriculture, Food and Protection of Consumers, (MAFPC), which is functioning in full conformity with the Albanian law 9199, dated 26.02.2004 on "Production, processing, certification and marketing of products "Bio". With such recognition being granted *Albinspekt* as the only domestic certifying body in the country is capable of getting for its operators subsidies given by the state to the organic agricultural sector. The exported products will have to be certified by a foreign organization. In Albania there exist the following certification bodies: *BioInspecta*, *ICEA*, *SCAL*, *BSC*.

In close reference to the recent years it is worthwhile to underline the subsidies in the organic agricultural sector. In 2009, as was the case in 2008, the Albanian government offered a scheme for subsidies in organic agriculture, a scheme which is defined in Decision of Council of Ministers, no. 18, dated 7.1. 2009 on "Defining basic criteria of sectors that will be supported, along with the measures of benefits from the Agricultural Program Fund and Rural Development" as well as on the respective ordinances of Ministry of Agriculture, Food and Protection of Consumers and Ministry of Economy. In this Decision of

Council of Ministers it has been set out there subsidies go to operators for the certification of bio agricultural products from the cultivated plants, including:

- for products targeting internal markets not less than 50 % of costs, but not larger than 20.000 leks/farms.
- for products intended for export, 50% of the costs of certification, but no more than 70.000 leks/farm/year;

The BIO certified operators including those who intend to implement this production method in 2009, should apply to Directorate of Agriculture in districts to get hold of such subsidies. The certification from Albinspekt is recognized for such a subsidy scheme.

3.2. The perspectives of organic production in Albania

It is reasonable to argue that in Albania, as in other countries, there exist the proper conditions for the distribution and commercialization of organic products. This potential should be exploited to the advantage of the future perspective of development of organic agriculture (Leksinaj, 2007). By acting in such a manner we would most likely observe an increase in the export of agricultural products towards the EU countries, taking into account the current problems and the costly certification.

In table 1 the situation of the organic potential farms was included by applying the a SWOT analysis. According to the methodology of qualitative analysis the role of the interviews with privileged witnesses is that one which embraces the verification and integration of information that has come from statistical data. Such an analysis, which join both a structural and dynamic-forecasting feature, is concerned with the economic, social and demographic aspects, not to mention the natural implications arising from the local developments, this seen from the urban and territorial perspectives.

The main requirement for identification of “witnesses” or “experts” has been their ability to recognize the territory and the local reality; they might also be mouthpieces of specific interests (which in fact several of them are), even though they appear to be experts representing much more general interests. The information obtained via the interviews has been formulated in a general fashion. Experts have brought in specific evaluations, which are related to the sector or areas where they have been practicing. Only in the final evaluation stage a coherent and general tableau of results has been set up in the form of the SWOT analysis.

Table 1 - SWOT analysis

Strong points	Weak points
Full integration possibilities into supply chain	Small-sized farms
Low cost of labor force	Lack of a system of standard quality control
Favorable environmental conditions ”	Difficulties in identification of clients
Organizational powers	Difficulties in identification of suitable trade networks
Bigger opportunities from European markets	Difficulties in supply segment
Potential leadership in the internal markets	Lack of a price policy
Availability in innovations	Packaging and other non-suitable promotional instruments
Household traditions	Difficulties in keeping accounting data
Threats	Possibilities
A poorly defined snapshot of Albania as a producer of organic products	Demand on the rise
Barriers in exports owing to certification	Likely synergies among farmers
Competition among reputed farms	Availability in the market spaces
Technological viability	Benefits in the market
Lack of well-defined and clear internal reference norms	Differentiation in prices
Trade agreements	Availability of a technical assistance service

Source: Our direct processing work.

The weak and the strong points for the farms along with the possibilities and threats of the market of “organic” which have come to the fore in the environmental analysis have been selected and presented with the view to having a summary of issues that would help solve the implementation of productive strategies and marketing. The variables under consideration are a fruit of the joint work of authors and experts in the administration of farms. What it seems straightforward to notice is the existence of the

general rules in favour of the objective “*the attainment of a premium price from the organic products in the market, particularly in the European one*” (Leksinaj *et. al.* 2009).

Conclusions

The perspectives of contribution to organic agriculture, aside from the market aspects, have to be seen in their broader sense. It should be argued that the creation of the organic agriculture might contribute to the conservation of the traditional customs and practices. The possibility of using a higher premium than labour might encourage the population to deal in agriculture for much longer.

Even the environmental aspect constitutes yet another determining factor to the development of organic agriculture. The agricultural activities have a significant impact on the structure, composition and quality of territory by provoking here and there degradation and impoverishment of the natural resources. The control over the utilization of the synthesis substances and other appropriate production techniques usher in benefits in both the territory and society, whose effects should work to keep the soils in good shape, in maintaining biodiversity and the sustainable development of rural areas.

The organic agriculture has proven that it is able to provide efficient possibilities on diversification and penetration into the market, this when reference is being made to both marginal and less developed areas. These possibilities do guarantee a satisfactory return for farmers and retains a satisfactory use of the natural resources. We recommend a series of interventions in the integrated organic system to occur over an efficient action plan at the national level that is primarily intended:

- to satisfy and make the normative framework on the sector much easier to be implemented;
- to promote organic agriculture at all levels;
- to organize with other links of supply chain at the start and at the end of the production cycle, that is by improving the availability of inputs, by promoting processing and the positioning of products in the market;
- to support the formation, research and extension
- to develop the organic product markets through a consolidation of the exports, as well as affair share of attention to the typology of the potential customers in the food market (urban populations with high incomes, tourists that appreciate the rural wealth and the nature of the country).

In this context the organic agriculture enters into a bond with the programs of territorial development and the ecological conservation of the landscapes by justifying any type of oriented support by means of measures and specific interventions in the context of the environment policies. The presence of such policies constitutes one of the development of a connection between policies of territory conservation and agriculture in the strategic activities of the development program of agriculture, programs where the environmental policies, tourism and organic agriculture constitutes the entirety of a sustainable solution and an evaluation of food products, in the rural development and the protection of territory.

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