

RESEARCH ARTICLE

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Albanian Farm Access to Agriculture Development Support Program

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Abstract

Medicinal and Aromatic Plants (MAP) sector is one of the most important agri-food subsectors in terms of income for rural households in mountainous areas and one of the subsectors where Albania has been traditionally competitive in world markets. Thereby, this sector has received growing attention from the government and donor community. This paper aims at analyzing the MAPs sector, with special focus on governmental support policies. The study describes support policies related to MAPs, based on secondary information including data retrieved from the database of the Agricultural and Rural Development Agency. In addition, the paper provides insight from farmers prospective regarding support policies based on a structured farm survey which was subject to descriptive statistical analysis.

Keywords: Aromatic plants, subsidies, policies, rural economy, market.

1. Introduction

MAPs collection and cultivation are important activities and sources of income for a large number of rural households in Albania. Estimates from previous studies show that a range of 75,000 and 100,000 people benefit from this sector [3].

The income, from the collection of medicinal and aromatic plants account for 35% of income for rural households in northern Albania [4]. Thus MAPs represents the most important forestry sub-sector in terms of involvement of members of mountainous areas communities and a major income source for their households. MAPs are found throughout the country but some regions are more widespread and they have organized collection, most notably Malesi e Madhe (Shkoder), which has been also targeted by our study.

Albania has been a world player in the supply of MAPs, especially in the case of sage which is the main cultivated MAP in Albania. More than 95% of all MAPs collected are exported. Most Albanian MAPs are exported mainly to the EU and US [2]. Supply of wild MAPs is diminishing, due to damaged MAPs resources and a reduced labor force in mountainous areas. This declining trend in wild MAP collection is compensated by the growing importance of cultivation, which has been stimulated by

government subsidy schemes [2]. The scheme of planting in block of medicinal and aromatic plants like sage, Lavender, thymus oregano, has been part of the governmental support schemes as early as in 2012.

Despite the importance of the sector, and of the support schemes (in terms of budget and number of beneficiaries) there is lack of research on impact of support policies. This paper aims at analyzing governmental support policies for the MAPs sector highlighting farmers' perceptions and concerns.

2. Material and Methods

This paper is based on the analysis of both primary and secondary data. The secondary data were retrieved from the database and Financial Reports of the Agricultural and Rural Development Agency. In addition there was carried out an institutional analyze of the legislation, related to the implementation of support measures in the sector of Aromatic and Medicinal Plants. Primary research consisted of a structured survey including 168 MAP farmers. The survey was implemented during 2015 while most data were collected for the previous years (period 2012-2014). The questionnaire was structured in 4 sections; farm structure, investments type and source of investments, value chain and cooperation, and perceived impact of subsidies and farmers welfare.

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(Accepted for publication December 8, 2017)

The Table 1 below provides the profile of the survey sample.

Table 1: Average and standard deviation for some general sample data.

	Average	St. Dev.
Age (years)	54.7	10.2
No. family members	4.5	1.0
Experience in Agriculture (years)	20.0	9.9
Farm size in 2014 (dyn)	32.4	22.5
Farm size in 2012 (dyn)	17.1	13.4
Experience in cultivating MAP(Head of household) (years)	11.8	7.0

The average age of interviewees is 54.7 years. Interviewed farmers have, on average, 20 years of experience in agricultural activity and about 12 year of experience related to MAPs specifically. The average number of members of the farmers interviewed households was 4.5 persons. From the survey data we can see that the size of the farms have

had a considerable increase in 2014 compared to 2012. The average size of farms in 2012 was about 17.1 dynym, while in 2014 has reached 32.4 acres.

For most interviewed farmers (more than 4/5) the main employment takes place in the agriculture sector, as highlighted in table 2 below.

Table 2: Categorization of sample by employment status of household head

Main employment of household head	Frequency	Percentage
Employed in Public Sector	13	7.7
Employed in Private Sector	10	6
Self-employed in non-agriculture sector	5	3
Self-employed in agriculture farm	139	82.7
NA	1	0.6
Total	168	100

Both primary and secondary data were subject to descriptive analysis.

3. Results and Discussion

Analyze of support schemes for medicinal and aromatic plants

Agricultural support schemes have combined two elements of support direct payments and investments. The purpose of the implementation of these schemes is to increase production in the most important agricultural sectors. For farmers support is provided through a series of annual support schemes; mainly direct payment. From 2012 continuing in 2013-2014- 2015-2016 by the Council of Ministers Decision, regulated with other implementation regulations for this purpose "On the basis of the criteria determining the sectors to be supported and the amount of benefit from the program fund for

Agriculture and Rural Development", continued support as a direct payment scheme, [1] .

- For planting medicinal and aromatic cultivated plants; as sage, Lavender, thymus, oregano and rosemary, in the block according to previously defined regions for cultivation, 50% of the total cost of the project, but not more than 200,000 (two hundred thousand) ALL/ha.
- Support, through subsidy, 70% interest rate, for seven years, for loans up to 30,000,000 (thirty million), activities: storage and processing of agricultural products, livestock, aquaculture, poultry and medicinal plants; mechanization of agriculture, livestock, aquaculture and medicinal plants.

- In 2014 it was introduced investment scheme, which includes support for MAP, support investment up to 50% of the project value, but not more than 15,000,000 (fifteen million) for investments to: increase environments for collection and storage of the product; Standardization lines and / or production processing;

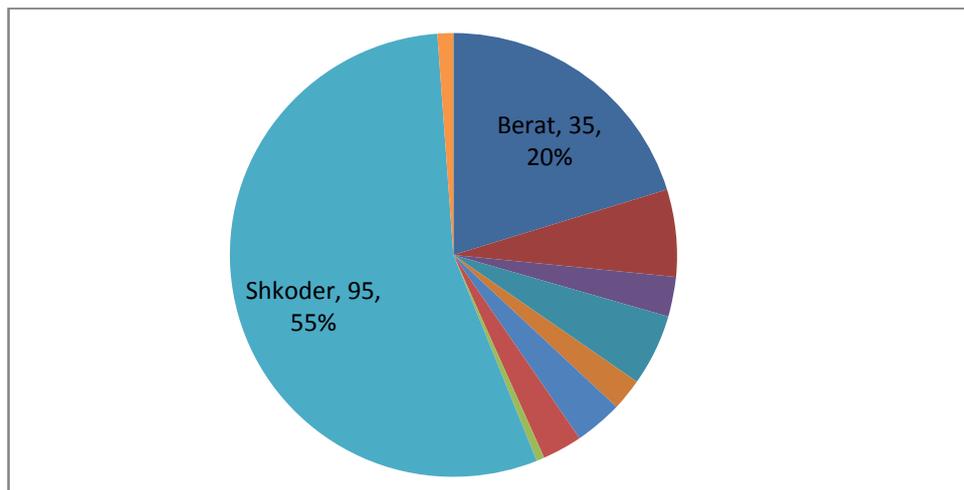
Specific requirement of the regulation, it's that applicants may benefit for unused processing lines/equipment and machinery, this standard contributes to higher quality of MAP.

Eligibility Criteria

- Beneficiaries of this support measure may be:
 - Individual farmers, legal or physical entities, or the Cooperative Associations;
 Individual farmers should be equipped with the NIPT of farmer;

- The minimum surface area to be applied is not less than 2 dynym and the maximum surface area not exceeding 5 ha;
- Have at least the minimum number of plants per unit area in accordance with Guideline
- Land to be owned by the applicant and/or rent for at least 5 years including the year of application;
- Applicant has paid the land tax for the last fiscal year, has made "coherent social security settlement" according to the status of the application; has settled all obligations toward OSHEE, ect.

The Figure 1, shows the largest number of beneficiaries is in Shkodra Region (Malsi e Madhe) – therefore also our survey targeted this region.



Source: MARDWA,ARDA

Figure 1. Distribution of the number of beneficiaries projects (MAPs sector) in 2014.

Applicants have shown interest in the investment scheme, during 2014 and 2015. In 2015, there were registered 120 applicants, only 45% of them became beneficiaries, because of the lack of fund available. Interest in investing in the construction of warehouse and medicinal plant lines appeared in different regions, Korca, Gjirokastra, Shkodra. Besides the lack of funds, another major difficulty has been the inability of fulfilling the criteria prescribed in the Guidelines for applicants. For example; documents as development permit or building permit, registration in the office of Immovable asset. This fact leads to the need of review the legislation, the national minimum standards for investments in the agricultural sector, at least for a certain period of time.

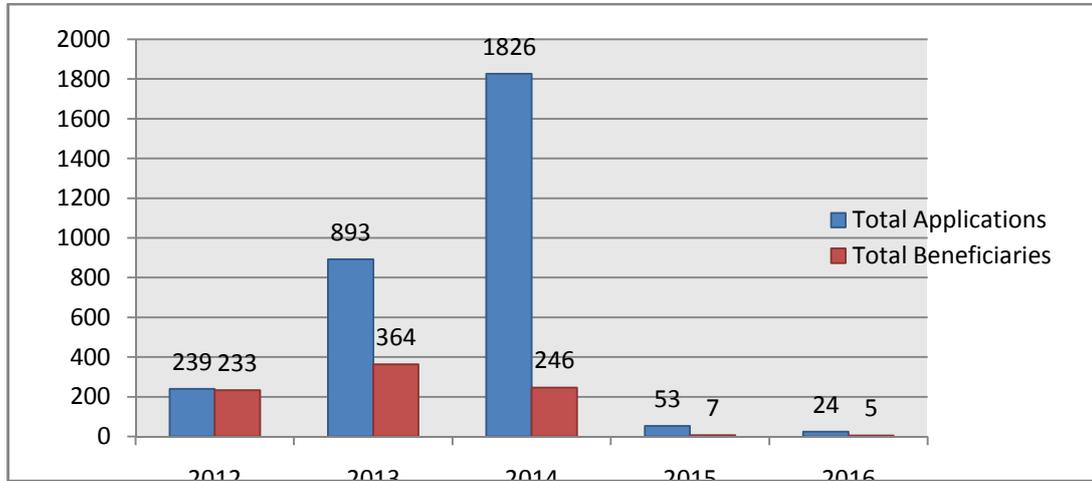
Referring to financial reports of Agriculture and Rural Development Agency from 2007 until 2016, summarizing the number of beneficiaries 933 farmers, the scheme of MAP, has an impact on planted area 737.3 ha, the amount of the fund for agriculture and rural development the program 148,714,628 ALL. The experiences gained in the implementation of this scheme shows that have absorbed a considerable part of the budget for the program from the agricultural fund and rural development. Number of beneficiaries counts at 938, with 757.3 Ha Cultivated area.

Referring to the statistics in this paper there will be analyzed the MAP sector in two period of time;

- **2013-2014** the number of applicants compared to the number of beneficiaries,

which is 60 % lower - 2015-2016, the number has significantly decreased in applicants and beneficiaries).

Figure 2.Number of applicants-number of beneficiaries 2012-2016



Source: Ministry of Agriculture Rural Development and Water Administration, Agency for Agriculture and Rural Development

For 2012-2014, analysis of data confirms two main reasons, lack of fund and difficulty in meeting standard criteria prescribed in the procedures.

For 2015-2016, referring to author’s interviews - identifying the reason for the low number of beneficiaries shows that the main reason is the inability shown by farmers to meet all requirements, documentation, as set in the Guideline for applicants. The decrease in the number of beneficiaries in 2015 did not come as a result of financial incentives but because of the inability of farmers to meet the specified criteria. More specifically, there was a requirement of submitting invoice from selling the products from MAP, which most farmers could not provide. This phenomenon confirms an in-formalism,

along the value chain; it confirms the fact that the contracts between producers and collectors are still fictional. For 2016, the most restricted requirement that farmers could not meet in the minimum eligible requirements it was the property right, document proving that applicants are not debtor toward Tax Office.

A. The survey findings

Interviewed farmers are asked about the application procedures for subsidies by asking for some aspects of the procedures, as may be clarity, transparency, cooperation or requirements and analysis is made of the answers of those who have benefited from subsidies.

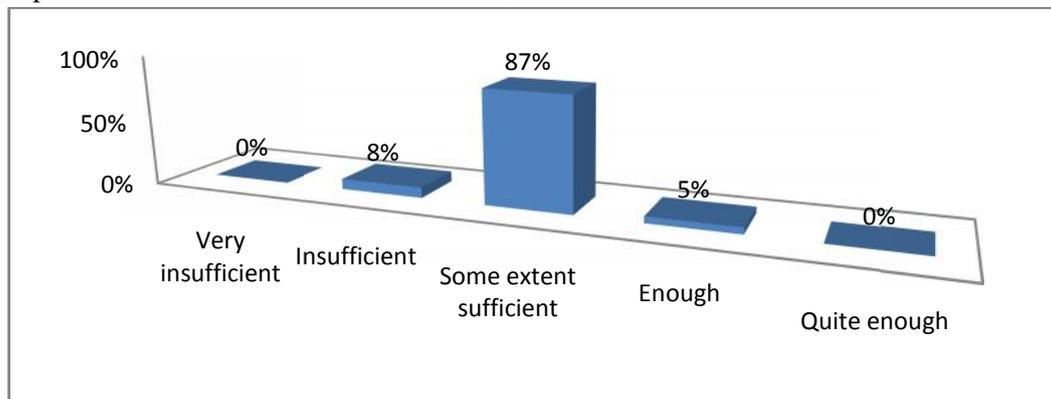


Figure 3: Farmers' perception of the procedures regarding the clarity of application procedures for subsidies

About 87 percent of respondents who have benefited from subsidies are of the opinion that clarity during the application procedures for subsidies is

somewhat sufficient, while 8 percent of them think that clarity is inadequate. Only 5 percent of respondents who have previously been granted

subsidies claim that the application procedures for subsidies are sufficiently clear.

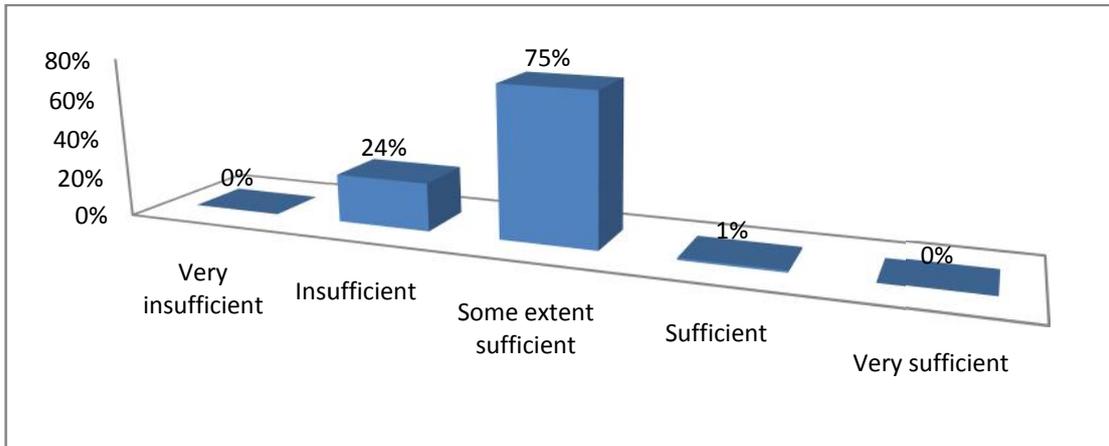


Figure 4: Farmers' perception of the procedures regarding the transparency of application procedures for subsidies

Regarding transparency, about 75 percent of interviewed farmers who have received subsidies believe that it is somewhat sufficient, while 24 percent

believe that transparency is insufficient, making these alternatives more than 99 percent of the total. Only one respondent stated that transparency was enough.

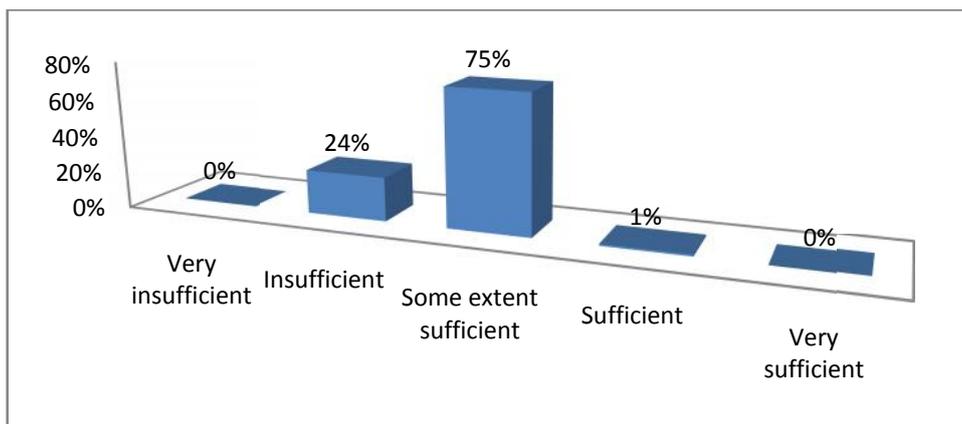


Figure 5: Farmers' perception of the procedures regarding the cooperation with government institutions during application procedures for subsidies.

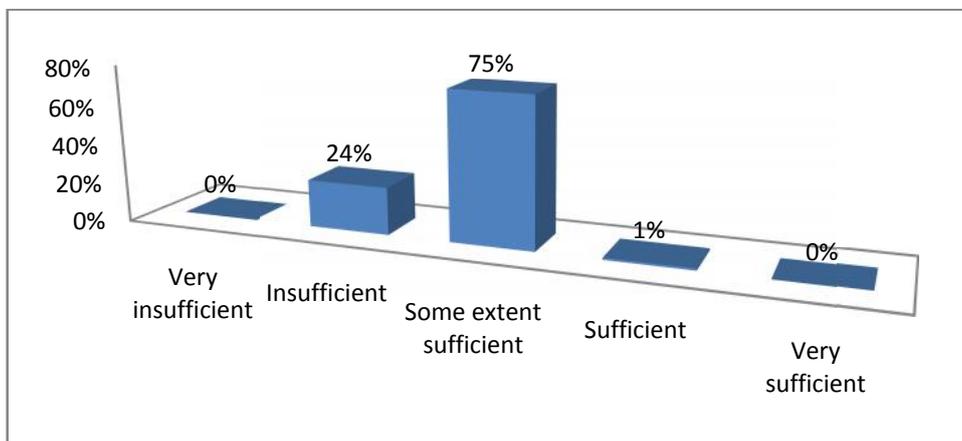


Figure 6: Farmers' perception of the procedures regarding the requirements during application procedures for subsidies.

Cooperation during the application process is another important element that affects the implementation of a more efficient process. About 59 percent of interviewed farmers having benefited from subsidies earlier claim that cooperation is somewhat sufficient. The rest, about 41 percent believe that cooperation is insufficient.

Meanwhile, regarding requirements during the application process, the farmer's perception is different. About 29 percent of them think that the requirements are fair enough and 50 percent believe that requirements are sufficient. About 21 percent of interviewed farmers who benefited first from subsidies think that the requirements are somewhat adequate and none of them was stated that they are insufficient.

4. Conclusions

Medicinal and Aromatic Plants (MAP) sector is one of the most important agri-food subsectors in terms of income for rural households in mountainous areas and one of the few subsectors where Albania has been traditionally competitive in world markets. MAPs sector has received growing attention from the government and donor community, receiving significant support.

MAPs sector received significant support for new plantation, concentrated in Malesi e Madhe. During 2012 – 2014, each year, approximately 200-300 farmers benefited support. After 2014, the support for the MAPs sector was phased out. While in the first year that the MAPs support scheme was introduced, the application success rate was high (97%) in the following years decreased, notably to about 14% in 2014, due to a number of factors, including the inability of farmers to meet the requirements.

Another factor which affects absorption capacity is the efficiency and professionalism of the

administration involved in the process of schemes implementation, as confirmed by the findings of the survey. Indeed, most interviewed farmers perceive that the transparency of procedures related to subsidies is insufficient. Interviewed farmers have also expressed concerns also regarding the cooperation with respective authorities.

Enhancing professionalism of ARDA is necessary to improve absorption capacities of national funds, as well as upcoming IPARD II funds, which is even more demanding in terms of requirements for both administration and beneficiaries.

5. References

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