

EVALUATION AND MONITORING OF DIRECT SUPPORT FOR THE AGRICULTURAL DEVELOPMENT IN FIERI REGION.

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Abstract

Based on the Strategy of Rural Development, the Albanian Government supports directly the agricultural sector. Approximately 3.5 milliard leks have been spent from the state budget. Until now, there has not been an independent evaluation of the efficiency of the use of funds by the government. Such evaluation would be necessary not only to see what is given and how the money are spent, but to have a complete frame and to fully argue the programming of support in the future by respective institutions. Our aim is to identify some of the key outcomes of direct support policy in Fier's region, to analyze and to evaluate the principles, the effects of supporting schemes as well as to identify the strong and weak points of the subvention scheme from which the direct state support in agriculture would become more effective and efficient. The verification of the effectiveness of the given funds will be achieved through comprehensive analysis described all the way from the application, the selection of applicants, the allocated amount, investment direction, absorption in different times until the final realization. This study was undertaken during 2011 through the development of a standardized methodology. In Fieri region, for 4 years, there have been allocated 435 million leke for direct support to the farmer's families, respectively: 46 million in 2007, 114 million in 2008, 122 million in 2009 and 153 million lekë in 2010. The projects are invested in olives, vineyards, fruit trees, drip irrigation, greenhouses, livestock, etc. Our study showed that the state support measures for the period 2007-2010 have given significant positive results in the increasing of planted surfaces with fruit trees, olives and vineyards, for their production and productivity. On the other hand the study also showed that for higher grant effectiveness a harmonization of several factors is needed, such as soil, climate studies, seed quality etc.

Keywords; Evaluation, Monitoring, Agricultural government support, Fieri region

1. Introduction

Agriculture continues to occupy an important place in the economy due to the majority of the population. The rural population is estimated to constitute about 54% of the total population and 71% of rural population is employed in agricultural activities. The rural sector is not efficient; it is dominated by small fragmented farms with an average size of 1.1 hectares [1, 2, 3]. Agricultural production has increased because new farm owners started to work intensively to increase production. The recent success, these last years, in improving the production shows that public support in farm modernization will provide useful results. However, markets and food quality standards are still not well developed in Albania. This way, the increase of production will be offset only by improved markets, if we want this growth to be sustainable. Therefore, the support for the modernization of farms and market

development will be important [1, 2]. The main pillars for Rural Development in Albania are: a) a sustainable growth of farm income; b) management of natural resources including forests, pastures and water and c) creating new employment opportunities and better quality of life through diversification and improvement of rural infrastructure [4, 5]. These three pillars are equivalent to the three main axes approved in the EU Guidelines for Rural Development and in support of the EU for accession and pre-accession countries. These priorities will enable the reduction of poverty. It has been several years now that the government is making direct interventions in the agricultural sector, like the program for the free excise fuel for farmers and for the past two years also the program of direct support to agriculture. Albania has signed the EU Stabilization and Association Agreement, which has important obligations towards European integration.

Out of the most important obligations of Albania regarding the agricultural sector is to improve the management standards of public funds for agriculture.

The improvement of these standards is related with improving the programming of agricultural sector development, strengthening the institutional capacities for planning, implementing, monitoring and evaluating the impacts of public support for agriculture. The absorption of European funds for agriculture in the future will depend on our capacity in all these aspects.

For truth's sake, these capacities and relevant standards, particularly for monitoring and evaluation are still insufficient.

Considering the above, our study undertakes to handle and provide a contribution into the analysis and improvement of monitoring standards and in evaluating the impact of agricultural policies in the district of Fieri.

2. Methodology

In order to identify some of the key results of the direct support policy in the region of Fieri, we have used the method of typology [6, 7], which is based on surveys conducted in the study area, in our case the region of Fieri, cities of Lushnja, Fier and Mallakaster. The surveys conducted in several different communes of these regions, included more than 10% of the agricultural economies that have benefited from the support policy and others that have not benefited, creating a statistically representative group [2] (280 interviews) for the entire area under this study. The communes where the surveys are conducted are chosen according to some criteria such as their influence on the agricultural output of the region, the amount of agricultural income and their distance from the closest communication axis. The chosen communes are also abundant as far as arboriculture and viticulture goes.

Based on information collected from these surveys we have put on place the basic database.

The strong and weak points of the implementation process where identified by the vast collection of opinions; among which, opinions from the group in charge of implementation, the Directory of Agriculture, the Ministry of Agriculture, farmers, fruit traders, fruit processors, local institutions and more. The questions on the survey concerned the way the information on the existence of grants was learned, the necessary instructions on how to apply for

grants, the information on the application result, their judgment for evaluation of the project, problems they might have encountered during the payment phase or after the implementation of the grant.

The data used to study the problem, are mainly statistical ones. But some of them are of qualitative character because their structure derived from studies and monitoring results as well as by experts and persons associated with agriculture [8].

A part of the data is also derived from surveys conducted by agencies. An important source of data used by us are analyzes and studies carried out by specialist, agencies and organizations in the agriculture sector.

We also used a good database of legal acts and regulations dealing with reforms in agriculture and all the problems that belong to this sector. The remained part of methodology deals with the analysis of all collected data and statistical methods of comparison. In addition, to derive our conclusions we have looked for help in the methods of economic analysis, methods of induction and deduction .

3. Results and Discussion

3.1 Analysis of the agricultural sector and support policies in the region of Fieri

Time and studies have showed that the agricultural and agro-processing sectors are currently characterized by several positive features, which are at the same time its strengths. These aspects are the base to take into account in developing the programming activities, but also to justify the dynamic optimism that supports the progress of Albanian agriculture. The main strengths are:

- Agriculture and agro-processing in Fieri region can be almost considered as a totally privat sector, which consist as a guarantee for free initiative.
- The region of Fieri has suitable climatic, microclimatic, soils conditions and rich biological resources, which are the basis for sustainable and productive farming.
- The region of Fieri has an old and valuable agricultural tradition, which effectively helps in strategic development planning which promises that agriculture will be important in the future.
- Our country has an agricultural population relatively well educated, which promises to be satisfactory efficient and productive in agriculture.

- Agriculture had a considerable technical and financial support during its difficult transition, which has not only resolved difficult problems and situations, but has also created new conditions for effective and sustainable development. Table 1 shows the allocated amount by the Albanian Government for the agricultural support in the region of Fieri, since 2007. The sector seems to suffer by several weakness, which play a negative role in the development but also give this sector some characteristic features:
- Small and fragmented farms. This weakness has played and is expected to play a key prohibitory role for the development of loan market for the farmers, for the marketing and processing industry as well as in direct foreign investment in agriculture[3].
- A large number of farms and a large agricultural population are definitely a weakness of the sector [2, 3]. Consequently, the administration of the sector is difficult, effective employment is becoming a problem, support administration is more costly, and regulation of the sector is complicated.
- The new generation is not passionate enough about agriculture, which can create problems in traditional

craft heritage, which may have an impact on the sustainable development of productive resources, mainly in the agricultural land.

- Lack of professional agriculture high schools for the preparation of future specialists in this sector.

3.2 Direct state support for the years 2007-2010

Direct state support for agriculture is oriented in the following sectors [9]:

1. Production of fruits, olives and grapes;
2. Production of vegetables in greenhouses;
3. Production of milk, honey and olive oil;
4. The production of BIO product;
5. Promote bank lending in the agricultural sector.
6. Breeding of equine and rabbit.

Results of direct support are concrete and relevant. They are expressed in number of projects or applications, but also in planted and irrigated area, in number of farms and heads of cows paid, in number of subsidized loans, etc.

The results may become apparent after several years, when they will be transformed into real and improved agricultural products.

Table: The support for Fieri region during the period 2007-2010 [9]

Measure	Year 2007			Year 2008			Year 2009			Year 2010		
	Project No	Surf (ha)	Lekë	Project No	Surf (ha)	Lekë	Project No	Surf (ha)	Lekë	Project No	Surf (ha)	Lekë
Trees totally	179	116	46,080,865	264	206	70,878,200	434	340	91,072,930	727	406	108,022,725
Drip irrigation	0	0	0	29	30	8,990,800	14	14	4,040,972	107	82	23,651,980
Bio prod.			0	0	0	0	1	0	8,550	3		150,000
Plastic purchase			0	0	0	0	7	2	969,000	15	6	1,287,800
Solar Greenhouses			0	12	6	9,446,999	2	1	1,650,000	40	991 heads	19,660,000
Cow milk			0	147	2,445	24,450,000	188	2,433	24,310,000			
Sheep head												
Product of olive oil												
TOTAL	179	116	46,080,865	452	2,687	113,765,999	646	2,790	122,051,452	892	494	152,772,505

For the region of Fieri in 2007, as well as throughout our country, the support given was entirely

for planting in fruit-growing, where the planting of trees and vines dominated and the planted area in this

region was 116 ha. In 2008 the planted surface with trees was increased and there has been an increasing in investments for green-houses and cow milk. In 2009 grants were allocated to several branches of agriculture as to irrigation, greenhouses, cow milk, meanwhile in 2010 the amount of grants increased by 25.1% compared to 2009. During this year the contribution in fruit trees, vineyards, drip irrigation, greenhouses and bio production was increased. The table below (Table 1) expresses the main results of direct state support for the years 2007 to 2010 in the region of Fier.

We should consider the fact that one of the most important results of support is also the investment of a considerable amount of money by farmers themselves and other beneficiaries. This because the support is only a fraction of the total cost of projects implemented especially by farmers.

3.3 Some problems of support

Size of support

Even though the support has increased year by year it is still limited and cannot provide a rapid agricultural development. A very low level of domestic agricultural production and the large amount of imported products on the market require a significant increase in direct support for agriculture.

The portfolio of support measures

What seem to be missing are studies on the comparative advantages of different fields or agricultural products, in accordance with possible production systems and climatic conditions, which can be sufficient to design a better portfolio of support.

The planning process

The planning process of support has had a participative character; support measures are a result of the consultation with different actors of agricultural development, nevertheless we believe that the conclusions determined by our study will lead to significant improvements in preparing the support for 2012. Most of the farmers who had applied and won the grants have come to the conclusion that the specialists in the Ministry of Agriculture need to draw data from farmers and agronomists in the area to decide which culture has to be subsidized (citrus has no yield in some areas in the district of Lushnja).

Before giving grants for planting, there is a need for deep studies and the plant that should be subsidized must fit the pedo-climatic conditions.

The specialists of RDAFCP surveyed in the region and communes claim that in general:

- There is a need to support the livestock
- Grant awarded in Livestock must not be partial,
- Before deciding on a culture that has to be subsidized there is a need to analyze the land problems, structure, drainage, etc,
- Regionalization of cultures must not be done according to given orders, but based on the studies of RDAFCP.

Our survey also showed that after obtaining a grant for planting a certain crop, the farmer has a need for specialized assistance and continued consultancy, as long as he encounters problems with plant protection and cultivation technology, which should be considered in the planning stage. From 122 interviewed applicants as we can see in Figure 1, 49% preferred to apply in groups and 51% alone. This highlights the task ahead of the agricultural specialists in the districts, to work harder to convince farmers to join together. Only united cooperatives can result in an intense work in the agricultural sector [1, 3, 11], increasing the cultivated are, considering grouping as an efficient form to increase market competitiveness by reducing costs per unit.

Evaluation of applications

The evaluation of farmer applications to benefit the support is done by a Special Commission of RDAFCP. This can be considered a normal practice, but has the disadvantage that the evaluation might be formal and it might be influenced by regional directories of agriculture. So, from 122 interviewed applicants, Figure 2 shows that 89% of them think that evaluation was fair.

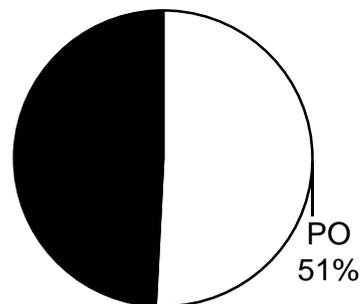


Figure 1: Results of the questionnaire on the application way.

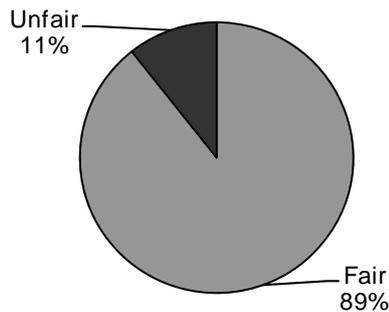


Figure 2: Results of the questionnaire on the project evaluation way for the applicants from the evaluation commission.

On the other hand, 11% of the applicants think that this assessment is unfair. According to our opinion, we think that is necessary to include an “opposition” voice for the assessment. We suggest that an evaluation by independent paid experts, approved previously from the Paying Agency, might facilitate the process and make it more transparent. Experience within the country and abroad shows that such evaluation functions effectively.

Verification and control

Verification of winners and project implementation in the field until 2008 was made by RDAFCP in collaboration with 2KR (ARDA today).

The Paying Agency has the responsibility for the verification and control. This is in line with European standards for support, because this way the conflict where the same structure at the same time reveals the winners as well as makes verification, is avoided. But in consultation with stakeholders, we propose that verification by independent experts would be better, because it would guarantee real results.

Project Implementation

Project implementation is done and continues to be performed by the beneficiary. The rules do not require that the implementer must necessarily employ a competent person, who is to be technically able and responsible for correct implementation and applying project standards. This deficiency can lead to bad implemented projects, which risk the effectiveness and efficiency of state support policies.

Communication on the implementation process

Communication between various structures which play an important role in planning, implementing, monitoring and supporting implementation is critical. The communication tools are few and have limited access to the public and to the stakeholders. Yet, there is not any adopted strategy or platform communication for the implementation process of agriculture support policies.

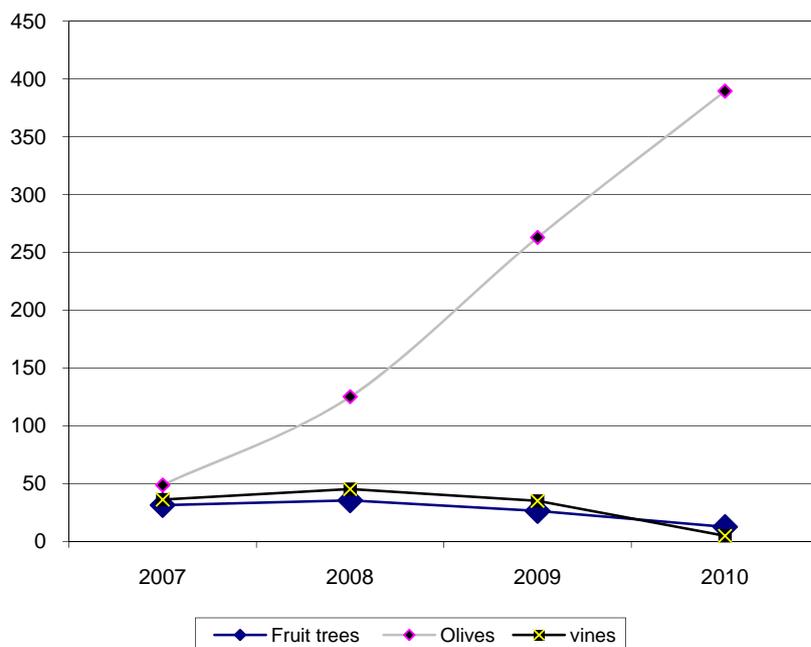


Figure 3: Four years performance of new planting surfaces (ha) with fruit trees in Fier region [8, 9]

3.4 Assessment of economic indicators

The effectiveness of implemented support measures, given by the government in the Fieri region is expressed through the analysis of several indicators. In the data on figure 3, the implementation of government policy to increase olive surfaces is clearly expressed.

There is a growth of these surfaces in Fier, Mallakaster and Lushnje. In total, because of the state support in Fieri region, planted areas with fruit trees have increased by 350% compared to 2007. Since 2007, when the state support for agriculture was given, the olive production increased in 350%, 150% for fruit trees and 159% for vineyards.

The increased production is influenced both by increasing the plant surfaces and increasing the

number of roots, accelerating the intensive cultivation. This means that supporting policies have stimulated the number of plants per hectare. The productivity of fruit trees has been increased for: Olives to 292%; Fruit trees to 124% and vines to 193%. Increased areas of Olives are connected with the state policy to give priority to this culture. They also proved that Olives represent one of the most important resources of the Mediterranean landscape. In fact, the geographic definition of the Mediterranean is often described as the region where olive cultivation occurs. The olive tree is amongst the oldest of known cultivated trees and was tended before written language was developed [12]. From table 2 it is noted that the priority was given to olives, in accordance with Albanian policies.

Table 2. Number of roots, production and the productivity of fruit trees in Fier region for 2007-2010 [9, 13]

No.	Cultures	YEARS				
	Regions	Unit	2007	2008	2009	2010
A.	FRUIT TREES	Tons				
	Fruit trees 000 roots	"	721	821	1153	1153
	Production in ton	"	11993	13390	14764	18029
	Productivity kv/ha	"	16.6	17.4	17.1	20.6
B.	OLIVES	Tons				
	Fruit trees 000 roots	"	836	1061	1328	1482
	Production in ton	"	4702	10844	11193	16850
	Productivity kv/ha	"	5.6	12.9	11.4	16.4
C.	WINEYARDS	Tons				
	Fruit trees 000 roots	"	1874	1574	1961	1943
	Production in ton	"	23077	25638	30036	36725
	Productivity kv/ha	"	79.4	128.7	143.2	153.7

The increase of production in fruit trees cultures in the region of Fier comes as a result of the growth of the number of farmers who benefit, and also the application of sustainable agricultural techniques that increase the normal levels of total fertility in fruit agro-ecosystems with a low negative environmental impact in various districts of the region [14].

The largest number of beneficiaries is in Fier, then in Lushnje and Mallakaster. There is a growing trend of the number of the beneficiaries for planting fruit trees from year to year.

So in Fier (Fig.4) there is an increase of 5 times the number of the beneficiaries from 2007 to 2010, 4.4 times in Lushnje and 2.7 times in Mallakaster.

Table 3 provides information on the distribution of grants (in %) for different fruit trees in dependence of climatic-land conditions of the regions and varieties that have received priority in each district. It is noted that fruit trees and vineyard have been a priority in

Lushnje, while for olive trees the table shows that the distribution in the district goes subsequently in Fier, Lushnja and Mallakaster.

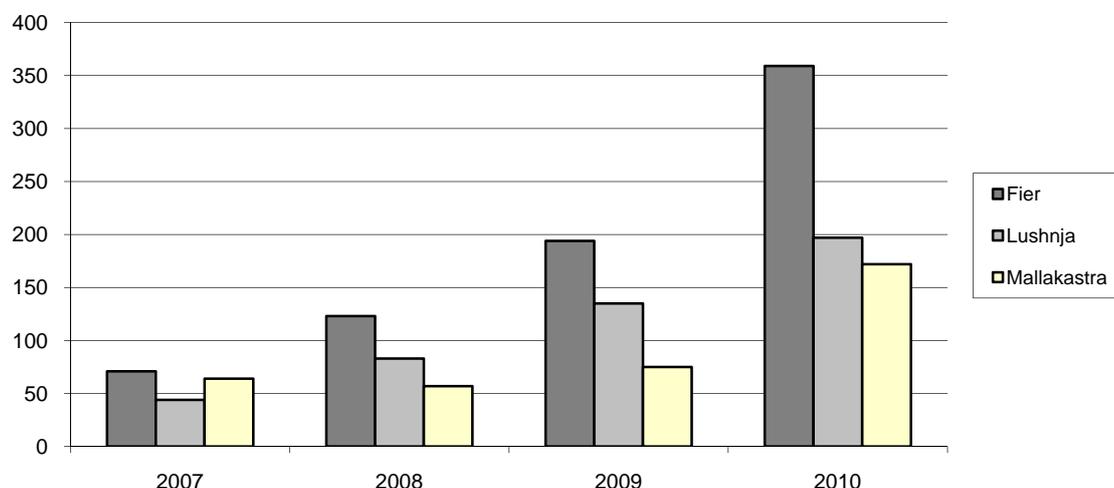


Figure 4: Comparison in the number of beneficiaries for fruit tree planting in Fier, Lushnja and Mallakaster

Table 3. Regionalization in accordance with the pedo-climatic conditions (% of areas planted with subsidized vineyard, fruit trees and olive groves that are in specific areas)

No.	Cultures	Years	Years							
			2007		2008		2009		2010	
	Region	Unit	ha	%	ha	%	ha	%	ha	%
A.	FRUIT TREES	ha								
	Fier	"	5.51		7.72		2.52		5.42	
	Lushnje	"	17.99		24.15		21.01		5.05	
	Mallakaster	"	1.06		3.57		2.74		2.07	
	DISTRICT:	"	24.56	84	35.44	100	26.27	100	12.54	100
B.	OLIVES									
	Fier	"	17.32		68.33		134.71		195.12	
	Lushnje	"	3.2		25.92		77.78		115.5	
	Mallakaster	"	21.25		30.92		50.44		78.92	
	DISTRICT:	"	41.77	94	125.17	100	262.93	100	389.54	100
C.	VINEYARD									
	Fier	"	7.66		13.29		13.13		0.34	
	Lushnje	"	12.26		29.8		20.77		2.76	
	Mallakaster	"	3.94		2.12		1.1		1.66	
	DISTRICT:	"	23.86	78.7	45.21	100	35	100	4.76	100

Table 4. Planting in blocks of the subsidized area

No.	Culture REGIONS	Unit	Year 2007		Year 2008		Year 2009		Year 2010	
			0.55- 1 ha	over 1 ha	0.55- 1 ha	over 1 ha	0.55-1 ha	over 1 ha	0.55-1 ha	Over 1 ha
A.	FRUIT TREES	ha								
	<i>DISTRICT:</i>	"	9.6	15.8	18.69	7.77	14.77	5.15	4	2.19
B.	OLIVES									
	<i>DISTRICT:</i>	"	12.6	11.8	61.22	36.22	119.37	91.56	152.25	86.91
C.	VINEYARD									
	<i>DISTRICT:</i>	"	11.3	8	19.12	21.22	9.85	21.64	0.61	2.35
a.	Grape for the table		4.3	4.3	7.65	11.1	5.91	10.14	0	0
b.	Grape for the industry		7	3.7	11.47	10.12	3.94	11.5	0.61	2.35

In terms of planting in blocks of fruit trees, it is shown that the olive is planted mainly in areas of 0.55-1 ha and less in areas over 1ha, as well as the fruit trees which are planted mainly in areas of 0.55-1ha. Vineyard, during 2008, is mainly planted in areas of 0.55-1 and in 2009 in the areas 1ha. It is notable farms still have limited surfaces and there is a tendency to join in cooperatives which is associated with many positive sides [12].

4. Conclusions and recommendations

- The grants provided by the government, as the only support for agriculture, are seen in a positive way as long as the farmer receives 50% of planting expenditures. The state support, during 2007-2010, has increased the employment level for farm holdings, inputs and seedlings traders, planted surface and their production and productivity. The state support has also created conditions so that new technologies can be applied. The grant process was estimated as transparent from 89% of those who have applied.
- Considering that 16% of the total cultivable land of the Mediterranean area is occupied by fruit crops, the choice of an appropriate and rational management is of key importance.
- The study proposes some conditions for the access to these grants such as: (i) the acknowledgement

of physical and chemical properties of the soil that will benefit from the support. (ii) A certificate that proves the authenticity of the planted seedlings and also (iii) to develop a planting technology. Our study also proposes an evaluation of the ex-post effects of the support during these years, the portfolio and size of the support should entirely rely on the consultation results with the different actors of the agricultural development.

- The evaluation of the beneficiaries should be done by independent approved experts based on a system of criteria. The projects are to be implemented by competent specialists, paid by the state, who take responsibility for the high standard implementation of the project. An extensive identification of the monitoring and evaluation capacities needs to be conducted and see to their setting up as soon as possible. Develop and implement as soon as possible an official communication platform in the process of agriculture support.

5. Acknowledgement

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